| | | |
|---|---|---|
| Austria ... Sch 18 | Indonesia .. Rp 2500 | Portugal .. Esc 80 |
| Bahrain .. Din 0.650 | Italy ...... L 1300 | S. Arabia .. Rls 6.00 |
| Belgium ... BFr 38 | Japan ...... Y550 | Singapore . S$ 4.10 |
| Canada ... C$2.00 | Jordan ... Fils 500 | Spain .... Pts 110 |
| Cyprus ... C£0.60 | Kuwait ... Fils 500 | Sri Lanka .. Rup 30 |
| Denmark .. Dkr 7.25 | Lebanon .. £L 6.00 | Sweden .. Skr 6.50 |
| Egypt .... E£1.00 | Luxembourg . LFr 38 | Switzerland SFr 2.20 |
| Finland .. Fmk 6.00 | Malaysia .. Rm 4.25 | Taiwan ... NT $65 |
| France .. FFr. 6.00 | Mexico .. Pes. 300 | Tunisia .. Din 0.600 |
| Germany . DM 2.20 | Morocco .. Dh 6.00 | Turkey .... L 210 |
| Greece ..... Dr 70 | Netherlands . Fl 2.50 | U.A.E. ... Dh 6.50 |
| Hong Kong . HK$ 12 | Norway .. Nkr. 6.00 | U.S.A. .... $1.50 |
| India .... Rup. 15 | Philippines . Pes. 20 | |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,603 — Friday April 19 1985 — D 8523 B



Testing times for Poland's radical priests, Page 2


World news

## Kohl gives star wars plan full backing

**West German Chancellor Helmut Kohl gave full backing to President Reagan's star wars anti-missile defence programme.**

He said Bonn would send a team of experts to the U.S. to examine the possibility of a West German stake in the controversial Strategic Defence Initiative.

The Chancellor said, however, that he would continue to press for a joint European approach and a guarantee by the U.S. of a "fair partnership" in the technology involved. **Page 16**

### Karami to Syria

Lebanese Prime Minister Rashid Karami went to Damascus for talks with Syrian leaders on the crisis provoked by fierce battles between Moslem militias in West Beirut on Wednesday. **Page 4**

### Sudan talks

Southern Sudan guerrilla leader Col John Garang is due in Khartoum for talks with military leader Gen Abdul-Rahman Swareddahab, a move regarded as a breakthrough in efforts to end the rebellion in the south. **Page 4**

### China call

Chinese leader Deng Xiaoping called on Moscow to make a gesture towards removing obstacles to better relations between the two nations.

### New Neves crisis

Brazil's ailing President-elect Tancredo Neves suffered a new health crisis and his condition deteriorated further.

### Soviets expelled

Soviet diplomat and a senior Aeroflot staff member have been expelled from Britain for carrying out "unacceptable activities," an official euphemism for spying.

### Man burned

A white man was in critical condition in hospital in Uitenhage, South Africa, after being pulled from his car and set on fire by a large crowd of black youths, police said. Meanwhile, doctors told an official inquiry that most of the 20 victims of a police shooting incident in the town last month were shot in the back.

### Taylor to retire

Britains Harry Taylor, number two at Manufacturers Hanover Bank, is taking early retirement.

### Rugby protests

New Zealand Rugby Union's decision to send a team to tour South Africa has provoked widespread protests at home and threats of retaliation from the African National Congress. **Page 4**

### Journalists go back

Italian journalists ended a strike that plunged the country into an almost total news blackout for five days in support of a pay claim. **Earlier report, Page 3**

### U.S. jet crashes

A U.S. Air Force OA 37 attack jet crashed off the northern coast of Honduras on a training mission. The fate of the crew was not known.

### Nakasone's goal

Japanese Prime Minister Yasuhiro Nakasone said he tried to "carry out a revolution in the nation's consciousness" through the latest series of measures to open the country's markets to foreign goods.

### Technology lag

The Soviet Union and its allies are having difficulty in adapting to new technology and increasingly lagging behind the West, according to reports by academics and businessmen at a Nato seminar in Brussels.

Business summary

## Entrad fails to take over Tootal

**TOOTAL**, Britain's fourth largest textile group, defeated £128m ($165m) takeover bid from Australia's Entrad after bitter 10-week battle. Entrad blamed its failure on last-minute intervention by J. Rothschild Holdings. **Page 16**

**SUBSTANTIAL** changes in rules governing the conduct of take-over battles in the UK, announced today, will reduce the opportunities for tough tactics by predator companies and for quick profits by speculators. **Page 9; Editorial comment, Page 14**

**DOLLAR** fell in London to DM 2.9845 (DM 3.0265); SwFr 2.4895 (SwFr 2.5250), FFr 9.12 (FFr 9.23) and Y247.90 (Y249.35). On Bank of England figures, the dollar's index fell from 144.1 to 143.0. In New York it closed at DM 2.9595, SwFr 2.4625, Y246.95 and FFr 9.045. **Page 37**

**STERLING** rose 1.3 cents against the dollar in London to close at $1.2915. It fell slightly to DM 3.8650 (DM 3.87) and FFr 11.7750 (FFr 11.7950). It was unchanged at SwFr 3.23, and was higher against the yen at Y320.50 (Y319). The pound's exchange-rate index rose to 79.6 from 79.4. In New York it closed at $1.301. **Page 37**

**LONDON** stocks and gilts firmed after prospects for a base rate cut improved. The FT Ordinary index rose 2.7 to 991.5. **Section III**

**TOKYO** issues were sharply lower after the previous day's weak rally. The Nikkei-Dow index fell 249.24 to 12,052.82. **Section III**

**WALL STREET:** The Dow Jones industrial average closed 7.18 down at 1,265.13. **Section III**

**GOLD** fell $1 an ounce on the London bullion market to close at $327.25. It rose in Zurich to $328.00 from $327.05. In New York, the Comex June settlement was $330.80. **Page 36**

**U.S. money supply M1** fell $1.2bn in the latest reporting week. The decline matched market expectations.

**ROLLS-ROYCE** saw a dramatic turnround last year with pre-tax profits of £26m ($33.5m) against a loss of £114m in 1983. **Page 8; Lex, Page 16**

**TEXAS INSTRUMENTS**, largest U.S. semiconductor manufacturer, suffered a fall in first-quarter net profit to $9.1m compared with $79.8m in the previous corresponding term after a decline in sales from $1.34bn to $1.29bn. **Page 17**

**NESTLÉ**, Swiss-based foodstuffs group, raised consolidated net profits 17.9 per cent last year to a record of nearly SwFr 1.49bn ($600m). **Page 19**

**BELL RESOURCES**, controlled by Australian entrepreneur Robert Holmes à Court, released about A$120m ($78.1m) through the exercise of option contracts over shares in Broken Hill Proprietary, the nation's largest company, representing about half of Bell's 5 per cent investment. **Page 18**

**TRANS WORLD AIRLINES** of the U.S. reduced its first quarter 1985 operating losses from $87.3m to $86m.

**SAL OPPENHEIM**, West German private bank, expects another strong result this year after an unspecified increase in operating profit last year. **Page 19**

**SCHERING**, West German pharmaceuticals and chemicals group, boosted profit to DM 138m ($46m) from DM 80m in 1983. **Page 19**

**ALGEMENE BANK** Nederland received Australian Government's approval to buy out local shareholders in its merchant bank offshoot as part of the country's policy of liberalising foreign ownership of financial institutions. **Page 18**

**HONDURAS**, a leading banana producer, hopes to boost output by up to 20 per cent per year through an export incentive scheme. **Page 36**

# $ falls sharply as U.S. growth slows to 1.3%

**BY STEWART FLEMING IN WASHINGTON, PAUL TAYLOR IN NEW YORK AND PHILIP STEPHENS IN LONDON**

THE DOLLAR fell sharply yesterday after the Commerce Department in Washington released figures showing that the U.S. economy grew at a real annual rate of only 1.3 per cent in the first quarter.

Surging imports siphoning off domestic demand to foreign suppliers prompted the Government to revise sharply downwards its earlier 2.1 per cent forecast for growth in gross national product (GNP).

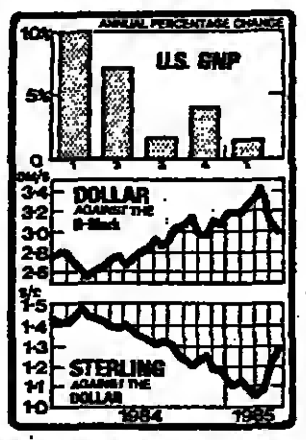
Mounting evidence that the U.S. economy is locked into a lower growth trend has helped to push the value of the dollar sharply lower in recent weeks.

The declines that followed the release of yesterday's figures provided a further boost for sterling and increased expectations of an early fall in UK bank base rates.

Foreign exchange dealers said that the news brought heavy losses for the dollar within minutes.

Spreads between buy and sell prices widened to as much as 1 pfennig as the dollar fell from around DM 3.05 to a low of DM 2.9725 in London trading.

It closed at DM 2.9845, 4 pfennigs




lower than on Wednesday and below what was widely regarded as a psychological barrier of DM 3.

At the close in New York, the dollar stood at DM 2.9595, SwFr 2.4625, Y246.95 and FFr 9.045. Its value against sterling was $1.301.

Many dealers were predicting further losses over coming days as investors reassessed the outlook

Mr Malcolm Baldrige, Commerce Secretary, said that while the U.S. Government was expecting "some rebound" in the rest of the year, "it will be more difficult to reach the target of 4 per cent growth this year," which the Reagan Administration had projected. That "makes it even more imperative to proceed with the budget deficit reduction that the President has proposed," he added.

He pointed out, however, that although real GNP increased by only 1.3 per cent in the first quarter, gross domestic purchases rose at a healthy 4.4 per cent rate. The discrepancy reflected growing imports but suggested that demand was strong enough to keep the economy expanding.

Commenting on the dollar, Mr Baldrige indicated that he would not be unhappy to see the dollar fall by a further 20 per cent over the next two years, something he said would help the competitive position of American industry.

Unexpected weakness in capital expenditure and in government spending also slowed the pace of


**Continued on Page 16**

**Doubts about World Bank's future may be resolved today, Page 6; UK borrowing overshoot blamed on pit strike, Page 9; Editorial comment, Page 14; Lex, Page 16; Markets, Section III**


# Pretoria plans 'interim government' in Namibia

**BY ANTHONY ROBINSON IN CAPE TOWN**

SOUTH AFRICA is to reintroduce a form of interim government in Namibia (South West Africa), President P. W. Botha told the Pretoria parliament last night.

The move is unlikely to be accepted by Western countries, especially the members of the five-nation contact group on Namibia – the U.S., Britain, France, West Germany and Canada – mandated by the United Nations to bring about a Namibia settlement.

Mr Botha said the interim Government's powers would be limited and all legislation subject to approval by the South African Administrator-General.

Mr Botha said that the arrangements "should be seen as an interim mechanism for the internal administration of the territory pending agreement on an internationally acceptable independence."

In an effort to forestall expected international criticism of the latest move from the contact group and other supporters of UN Security Resolution 435, President Botha emphasised that "as long as there is a possibility that the present international negotiations hold any realistic prospect of bringing about the genuine withdrawal of Cuban forces from Angola, the South African Government will not act in a manner irreconcilable with the international settlement plan."

Resolution 435 calls for UN-supervised elections to a constituent assembly followed by elections for an internationally recognised independent government. South Africa has ruled Namibia illegally since 1966, when the UN voted against continuing South African administration of the former German colony it had governed since 1915. Since 1966 South African troops have been engaged in a guerrilla war in the north of the country against forces of the South West Africa People's Organisation (Swapo) supported from bases in Angola.

The powers of the interim Government will fall far short of those proposed by the six internal parties grouped together in the multi-party conference. The conference does not include Swapo, which refused to participate. Swapo is recognised by the UN as the sole legitimate representative of the Namibian people with a status similar to that enjoyed by the Palestine Liberation Organisation (PLO).

Mr Botha said legislative and executive authorities would be reinstituted in Namibia which would be empowered to promulgate a Bill of Rights and establish a constitutional court and a constitutional council. The latter would draw up a draft constitution which South Africa would regard as "a basis for future discussion or as a proposal which could be submitted to the constituent assembly envisaged in the international settlement plan."

Mr Botha said the South African Government "will retain all those powers vested in it at this stage, including foreign relations and defence." What is more, the Administrator-General who has ruled Namibia directly since the previous interim Government headed by the Democratic Turnhalle Alliance (DTA) was dissolved in January, 1983, will not be removed, as the multi-party conference requested. Instead, he has been given the power of veto over legislation.


**Protests erupt after New Zealand rugby tour decision, Page 4**


# BSC buys U.S. mill stake and plans £50m steel supply deal

**BY IAN RODGER IN LONDON**

BRITISH STEEL Corporation has taken a minority stake in Tuscaloosa Steel, a £75m ($97m) green-field steel rolling mill project in Alabama.

The state-owned UK group will also supply £50m a year worth of semi-finished continuously cast slabs for the mill.

That aspect of the project may be controversial both in the U.S. and Europe. The U.S. and the EEC are currently discussing a quota system to reduce imports of semi-finished steel. If quotas were agreed, BSC would have to fight with other European producers for an adequate share of it.

The project has been promoted by Tippins Machinery, a U.S. producer of steelmaking equipment, which has been eager to develop a mill that would produce low volumes of plate and sheet at costs competitive with those of large integrated works.

Tippins has a majority interest in the project. The other shareholders are O'Neil, a steel stockholding group in the south-eastern U.S., and Acipco, a U.S. maker of steel pipe.

The Alabama location was chosen because it is far from the main steel production areas of the northeast so that there would be significant opportunities to displace imports of plate and sheet now running at between 1m and 1.6m tonnes a year in the region.

BSC has a multi-year contract to supply slabs for the mill and plans to make them at its Teesside works in north-east England. The initial requirement would be for about 250,000 tonnes a year, less than a tenth of Teesside's current output.

BSC was approached to participate in the project because Tippins was unable to find a source of continuously cast slab in the U.S. Tippins was aware that BSC had attempted to sell slabs to U.S. Steel two years ago in a project that failed.

Tuscaloosa will be based on a single-stand Steckel mill, designed to be more flexible and less costly to operate than multistand hot-rolling mills. It is expected to begin operation late in 1985.

# Sweden cancels plan for Y100bn Eurocredit

**By Peter Montagnon in London**

SWEDEN has withdrawn a planned Y100bn ($403m), year borrowing in the Eurocredit market after finding no takers for its loan among Tokyo banks.

The decision is a humiliation for Sweden, which ranks as one of the most prestigious sovereign borrowers in the Euromarkets, and a serious setback for the newly opened Euroyen credit market. Medium-term Euroyen credits have been permitted by the Japanese Ministry of Finance only since April 1.

Evidence that the loan was in difficulties surfaced almost immediately after it was mandated to Sumitomo Bank on March 28. Sumitomo met a stone wall of resistance from other banks, which claimed that the interest margin of ⅛ point over Euroyen deposit rates was too low and should have been set at ¼ point.

Mr Peter Engstrom, head of Sweden's National Debt Office, went to Tokyo this week to try to persuade the banks to change their minds. The failure of his initiative led to yesterday's cancellation announcement.

Bankers in London were yesterday revelling in Sweden's discomfiture after many years of having to yield to the Debt Office's demands for exceptionally tight terms on its foreign borrowing. But there was also a degree of surprise, given Sweden's reputation for approaching innovative borrowing with extreme caution.

"The Euroyen market is a new market and has not sorted itself out. We had no reason to believe that these were unrealistic terms," said Ms Christine Holm, deputy director of the Debt Office in Stockholm.

Ms Holm emphatically denied reports that the Debt Office had threatened never to borrow yen again if the Japanese banks did not accept the terms on offer. Sweden would reconsider yen in the future, but had no immediate plans for any substitute borrowing, she said.


**Continued on Page 16**

**Eurobonds, Page 38**


**The West German Bundesbank has warned of the risks involved in the profusion of new financial instruments emerging on international markets. Instruments such as revolving underwriting facilities, note issuance facilities and currency swaps tended to blur the lines between short and long-term financing and loaded big risks on the borrower, the bank said. Page 3**

# Turner mounts $2.9bn bid for CBS stake

**BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK**

MR TED TURNER, the flamboyant Atlanta-based television entrepreneur, yesterday launched a daring bid for control of CBS, the largest U.S. broadcasting group.

The all-paper bid for a 67 per cent stake, valued by Mr Turner at $2.9bn, follows months of speculation about the future of CBS. Trading of the broadcasting group's shares was immediately plunged into turmoil as they jumped by $7 to $118¾ before falling back to $108½ in early afternoon trading.

Wall Street's reaction reflects the scepticism about an offer – packed full of "junk" paper – which Mr Turner himself admitted might threaten the very existence of his own company, Turner Broadcasting (TBS). Analysts noted that, among other uncertainties, the deal appeared to hinge upon selling off substantial assets in CBS's non-broadcasting activities.

CBS, which has faced a takeover threat from a right-wing pressure group associated with Senator Jesse Helms since the start of this year, said that the unusual number and complexity of Mr Turner's bid made it difficult to comment.

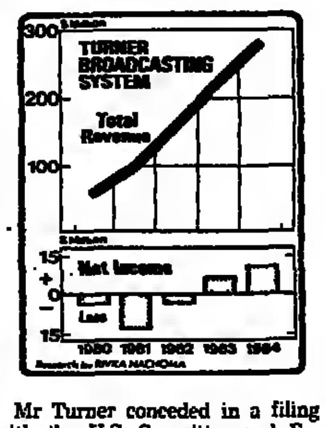
Under the terms of the bid, Turner Broadcasting is offering $122 principal amount of TBS fixed-income debt securities, $56.49 principal amount of TBS zero-coupon notes, one share of TBS preferred stock, and 0.75 shares of TBS class B common stock for each outstanding share of CBS common.

TBS shares, which are quoted on the Nasdaq over-the-counter market, were unchanged on the news yesterday at $24¼.

Mr Turner has a reputation as one of the U.S. television industry's most colourful, aggressive and inventive executives. Sometimes known as "the mouth of the South", he has a formidable record of taking on the industry's traditional giants and winning. This move, however, represents by far his most ambitious project.

Turner Broadcasting, in which Mr Turner holds a controlling stake of around 80 per cent, is already highly geared, with $175m of long-term debt at the end of September last year against $26.5m in shareholders' equity. The company operates the "superstation" WTBS television station out of Atlanta, runs CNN, a 24-hour-a-day cable news service, and owns the Atlanta Braves baseball team. It has a chequered profits record.

After several years of losses, TBS edged into profit in 1983 and reported net earnings of $10m on revenues of $282m last year.




Mr Turner conceded in a filing with the U.S. Securities and Exchange Commission yesterday that his offer was partly dependent for success on participation by other investors "interested in making cash investment" in the combined company, "or to whom certain businesses and properties of CBS may be sold."

He added that there was no assurance that such steps would take place. "If they are not, Turner could experience operating losses and cash-flow deficits which would materially adversely affect its ability to continue operations and to meet the payment requirements," on the securities. Payments on the securities in the proposed combined company would total $738.7m in 1986 rising to $2.41bn by 1992.

CBS, one of the three U.S. network television groups, owns radio and TV stations across the nation. It is also a large magazine and book publishing house and in addition makes movies and records, boasting Michael Jackson among recording stars. The two other networks are NBC, owned by RCA and ABC, which last month agreed to a $3.5bn takeover from Capital Cities Communications. Last year CBS reported sparkling net earnings of $244.9m sales of $4.8bn.

The company, which recently on its historic libel suit battle with Gen William Westmoreland, has in the last few weeks put up a number of roadblocks against a takeover attempt. These include staggering board member terms which Mr Turner accepted yesterday might mean that he would be unable to effect a merger "on an expeditious basis" even if he acquires the 67 per cent stake he is seeking.

Mr Turner said yesterday that he intended to file suit against CBS to challenge the legality of the anti-takeover defences.


**Decline at ABC, Page 17**




CONTENTS

# Trade improvement gives French Government a lift

BY DAVID HOUSEGO IN PARIS

AN IMPROVEMENT in the trade deficit last month has brought the French Government almost its first encouraging economic news since the beginning of the year.

Up to now, ministerial hopes that last year's momentum towards falling prices and a contracting trade deficit would be carried forward into this have been disapopinted by poor inflation and trade figures—demonstrating that the return to equlibrium is likely to be more protracted than officially had been anticipated.

At the same time, revised figures from the official statistics institute, Insee, have shown that France had only a 1.5 per cent growth in real GNP last year instead of the 2 per cent originally announced.

With an increasingly large number of private forecasters predicting that the French economy will only expand by a further 1-1.5 per cent this year, as opposed to the 2 per cent the Governmment anticipates, this means that France faces a third year of real growth significantly below the European average.

The March trade figures issued yesterday show a seasonally adjusted deficit of FFr 567m (£48m) compared with the FFr 6.5bn (£550m) recorded in February. But the sharp improvement largely reflects exceptional sales of Airbus aircraft which brought in FFr 3bn.

Notwithstanding these, the deficit for the first three months stands at FFr 10.8bn compared with an objective written into the 1985 budget of a surplus for the year of FFr 2bn. In both, among officials and private forecasters, a consensus is growing that this year's trade deficit will more likely be about FFr 25bn—or the same as the new revised figures for last year. Estimates for the current account vary from equilibrium to a FFr 10bn deficit.

On the inflation side, the 0.7 per cent increase in the consumer price index in March means that, at an annual rate French inflation accelerated for the three-month period to 6.9 per cent from 4.9 per cent for the last quarter of 1984.

In spite of these setbacks to its stabilisation programme and the widening inflation differential with West Germany, the franc has remaned stable within the European Monetary System as the dollar has declined. French industrialists nonetheless complain that the franc is over-valued against the D-Mark.

One of the major factors continuing to restrain the size of the trade deficit is France's substantially lower growth rate compared with West Germany. But in political terms, M Laurent Fabius, the Prime Minister, will be under pressure to diminish this as the deadline for the 1986 parliamentary elections approach.

But reflecting M Fabius's prudence about providing any fresh stimulus for the economy, the Government has announced continued strict guidelines in drawing up the 1986 budget. This has to be put to Parliament by the end of September.

The guidelines provide for a 3 per cent cut in current expenditures (excluding salaries) and an intensive review of industrial aids and subsidies. The Government's aim is to hold the deficit to 3 per cent of GNP in spite of some personal tax cuts.

# Deadline for Greek shipyard

By Andriana Ierodiaconou in Athens

THE MANAGEMENT of Hellenic Shipyards, the ailing yard owned by Greek shipping tycoon Stavros Niarchos which suspended operations one week ago because of financial losses and protracted labour unrest, has given the Government until May 14 to decide whether it wants to accept an offer to buy the company for $14m. If not, the yard, one of Greece's largest industrial employers, faces final closure with the loss of 4,800 jobs.

Rescue talks between Hellenic Shipyards and the Economy Minister have dragged on inconclusively since the beginning of April when the management first gave notice of its intent to suspend operations.

With an early general election expected in Greece at the beginning of June, the Government is caught between Socialist and Communist union pressure to nationalise the yard, and the fact that it is already burdened with more than 30 ailing industries which it has taken over to save jobs.

The impression is that the Government would have been happy to spin out the negotiations until after the election.

The management has reportedly turned down an Economy Ministry request to keep the yard open and bear the operating costs of an estimated $5m per month while negotiations continue. It says it will keep the yard going if the Government meets the cost.

Two 30,000-tonne product carriers for the Niarchos Group, the last of a series of ten, were unfinished when the yard stopped working. The first was scheduled to be completed in June and the second in December.

# Spanish court split revealed over abortion ruling

BY DAVID WHITE IN MADRID

FIVE OF the 12 judges in Spain's Constitutional Court believe that it overstepped its role in a controversial decision last week to overrule a law easing the country's strict ban on abortion.

The division over the respective competence of the wider constitutional issue raised by the abortion row—was revealed with publication of the complete verdict, together with dissenting opinions.

The verdict, sealed by the Court president's casting vote after a six-to-six split, ruled the reform unconstitutional, 18 months after it had been passed by the Socialist-dominated Parliament.

However, the full text of the sentence appears to be more favoorable to the Socialist Government than was initially thought. While stipulating that the constitutional "right to life" does apply to unborn children, it allows for certain exceptions to be made. These exceptions specifically include the three circumstances in which the law sought to remove penalties: rape, danger to the mother and malformation of the foetus.

The objections set out in the verdict centre on the guarantees that should be incorporated to ensure that these cases are strictly controlled.

The Government has opted to amend its reform, accommodating the Court's recommendations, rather than draw up a new abortion Bill. By taking this line, it has gone against some of its own members and sectors of the Socialist Party who favoured trying to get a more liberal law past the Court.

building in provisions for abortions on social grounds.

Through the amendment procedure, the Government hopes to pass the reform rapidly through both Houses of Parliament again and prevent further hold-ups. However, the right-wing opposition party, Allianza Popular, which also called for a new law, has threatened to challenge the constitutionality of this procedure.

Pressed by Allianza Popular, Sr Felipe Gonzalez, the Prime Minister, emphatically denied that the Socialists had any intention of tampering with the 1978 constitution, the foundation of post-Franco democracy.

Nevertheless, more constitutional problems may be looming. Even if the limited abortion reform takes effect without further hitch—which is far from a foregone conclusion—another confrontation is threatened when the Court comes to decide on the Government's 1984 Education Bill, affecting Spain's Roman Catholic private schools. The opposition has appealed against this Bill on six counts.

Christopher Bobinski reports on allegations of anti-clerical attacks

# Polish church under threat

SIX MONTHS after the murder by Polish Government security men of Fr Jerzy Popieluszko, the pro-Solidarity priest, the Government's campaign against radical Polish clerics is still in top gear.

Pressure is mounting on Cardinal Jozef Glemp, the Polish Primate, to cut back on what the authorities call "political activities" in churches. The present cool state of relations threatens to deteriorate into a full-blown conflict.

Crowds even larger than usual are expected to gather today at St Stanislaus church, in Warsaw, where the murdered priest is buried. Also today, by coincidence, the High Court is hearing an appeal by the four security men convicted of Fr Popieluszko's murder against sentences ranging from 25 to 14 years.

Some had hoped that their trial would end police use of physical intimidation against their opponents, but all the signs are that such methods have by no means been set aside.

> The case of a 29-year-old priest in Krakow, Fr. Tadeusz Zalewski, has raised fears that Poland's security forces may not have abandoned the techniques of physical intimidation used against the late Fr. Jerzy Popieluszko, despite the conviction of four of their number for their part in his murder.

In Krakow, a young clerk lies at home, recovering from injuries received in an attack carried out by what he believes were official assailants.

The Krakow Cardinal, Franciszek Macharski, has indicated by his actions that he believes the priest, Fr Tadeusz Zalewski. He will be furious now that the local prosecutor has closed the case, announcing that his injuries were self-inflicted during an epileptic attack.

Fr Zalewski himself says of the desultory official investigaters of the incident: "They made me feel as if I was the criminal and not the victim."

The priest, at 29 just two years out of his seminary, claims that on April 6 he was rendered unconscious by gas sprayed in his face. He was then burned on the face, chest and arm.

He had been active in demanding an official investigation into the mysterious death in 1983 of a local Solidarity activist, Mr Tadeusz Fras and, more recently, had agreed to help another outspoken priest, Fr Kazimierz Jancarz, at the Mistrzejowice parish in Krakow.

Fr Jerzy Popieluszko

A few weeks before Fr Jancarz, a close friend of Fr Popieluszko, had his windscreen shattered by a stone apparently thrown from a passing car. The incident was remarkably similar to one which befell Fr Popieluszko a week before he was murdered.

The tall, strong, bearded Fr Jancarz, 39 years old, who worked on the railways before he became a priest, is exactly the kind of cleric the authorities want to be rid of. He is staying calm in the face of the mounting campaign against him and his colleagues, giving no sign that he will tone down his activities.

He is one of 11 priests working the 46,000-strong parish, made up of people who live almost entirely in new concrete high-rise apartment blocks on the edge of Krakow, near the giant steel works.

The church, everyone agrees, is a hive of activity. Each Thursday, Fr Jancarz presides over a Popieluszko-style "Mass for the fatherland," where delegations from factories and offices bring "Solidarity" candles to place in a side chapel where hundreds already stand in remembrance of the banned union.

During the afternoon, waves of children flow in and out of modern schoolrooms where they receive religious instruction. Later, a stream of the physically handicapped come in their wheelchairs to watch a film about Fr Popieluszko made and sown on the parish video.

The church has staged several art exhibitions providing competition for the official galleries in the city.

On top of this, groups of workers, students and artists—most still committed to Solidarity ideals — meet regularly in groups which aim at deepening religious knowledge and propagating self-reliance as well as mutual aid.

"The system teaches people to be passive and expect everything from the state," Fr Jancarz comments. "We're trying to reverse that."

Members report on colleagues sacked from work—perhaps for putting a cross up on the wall—and, as a group, they discuss how to help.

Most recently, the organisations of twice-monthly four-hour lectures for workers on philosophy, history, politics, economics, and the like by academics has drawn fire in the official press.

Fr Jancarz denies this is politics. "It's the Church's duty to educate people, to broaden their horizons, teach them to discuss issues, to be able to arrive at their own conclusions as well as reasoned compromises. I don't understand what the fuss is all about," he adds. "I'm only doing what is natural."

# No EEC finance for Channel crossing

By Ivo Dawnay in Strasbourg

CONTRACTORS TENDERING plans for a fixed link across the English Channel were warned yesterday that no EEC funds will be available for the project.

Mr Stanley Clinton Davis, the Transport Commissioner, told the European Parliament that the British and French governments' decision not to allocate public funds to the scheme precluded the Community from helping to finance the link.

The maximum support the European Commission would be able to offer rests with data on traffic forecasts and some cash for research on the latest techniques for bridge and tunnel construction, he said. Loans from the European Investment Bank would be ruled out.

Earlier this month, the British and French governments called on contractors to submit their plans by the end of October, with the promise of a decision by the end of January at the latest.

Both governments agreed, however, that all finance would have to be raised in the private sector, along with guarantees that construction would be completed.

In spite of his warning on financing, Mr Davis offered a broad welcome to the prospect of a Channel link as furthering the unity of the Community.

He added, however, that "the commission is concerned about the possibility of an unplanned development which could lead to a drift of resources from the hard-hit north and elsewhere to the over-populated and relatively prosperous south-east of the UK."

He acknowledged, though, that the project could create jobs in steel-producing areas and other regions not directly adjacent to the Channel. A motion urging France and Britain to press ahead was passed by an overwhelming majority of MEPs.

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# Independent nuclear strike force 'still a credible deterrent'

BY DAVID MARSH IN PARIS

NESTLING like a beached whale in dry dock a mile or so across the water from white-washed cottages on the Brittany mainland, Le Foudroyant (Thunderbolt), France's third ballistic missile-carrying nuclear submarine, carries destructive power roughly equivalent to 1,000 times the bomb which wiped out Hiroshima.

The 13-year-old vessel, black, 140 yards long and terrible-looking, is being checked over by an army of mechanics and mainteinance men as part of a regular three-week programme before it goes to sea again shortly to resume its 60-day patrols.

France regularly lays on tours of its submarine bases for foreign journalists and other visitors. The aim is part of the psychology of deterrence. It is to show that France's costly independent nuclear strike force, of which the submarine component is now by far the most important, represents a credible threat to dissuade aggression – despite the increasing pace of nuclear weapons advances by the U.S. and the Soviet Union.

Vice-Admiral Alain Coatanea, who has just taken over as overall commander of France's strategic submarine force based at the Ile Longue peninsula near Brest, insists: "The credibility of our force resides in its technology."

France's sixth and latest missile-carrying nuclear submarine (SNLE), L'Inflexible, which has entered into operational service this month, is the first to carry 16 4,500-km range, M4 multiple-warhead missiles. Le Foudroyant carries the same number of older 3,000-km range, single-warhead M20 missiles, each packing a punch of 1 megatonne.

Le Foudroyant, like three of the other four older submarines in the force, is to be equipped with the M4 over the next few years. This is part of a schedule of refits which assures a permanent presence of three submarines at sea – significantly higher than that allowed by Britain's four-boat Polaris force.

Later, in the 1990s, a new generation of 15,000-tonne French submarines is to be built (nearly double the size of the present fleet of 8,000-tonne surface displacement). Very little has so far been revealed about the design – and the cost. Each boat in the present fleet, including missiles and warheads, is estimated to have cost FFr 6bn to FFr 7bn ($650m to 758m).

Admiral Coatanea brushes off risks to the credibility of the submarine force both from futuristic progress in anti-missile defences and also from current advances in anti-submarine warfare.

"We are making constant efforts to cut noise – to gain a few decibels here and there," he says. Despite efforts by both the Russians and the Americans to improve acoustic detection methods – and also to investigate other ways of tracking submarines electro-magnetically or through infra-red – Admiral Coatanea says the French submarines will remain invulnerable "for several decade."

French officers admit that France may be four to five years behind the Americans in developing acoustic-dampening technology – but they claim still to have a lead of several years over the Russians.

# France threatens nuclear reply to chemical attack

BY PAUL BETTS IN PARIS

FRANCE DOES not rule out the use of nuclear weapons to counter a chemical attack on what it considers its vital interests, M Charles Hernu, the French Defence Minister, suggested on television last night.

He was speaking at the end of a special programme on the risks of a world war presented by the popular French singer and actor, Yves Montand. Last year, M Montand hosted a similar television programme on the world economic crisis.

M. Hernu's remarks appear essentially designed to answer criticism in France about the role of the French *force de frappe*, or nuclear deterrent force.

In the past 12 months, several defence experts, including a former air force general, have criticised France's decision to give priority in defence policy to strengthening the country's nuclear deterrent at the expense of its conventional arms.

The argument is that the nuclear deterrent only serves to deter a nuclear war. However, these critics believe that the real danger for Western Europe and France comes more from an attack from the Soviet Union using conventional or chemical weapons from a nuclear attack.

# EEC arms chiefs to attempt jet accord

By Bridget Bloom in Gütersloh

EUROPEAN governments and aerospace industries will attempt during the next month to resolve differences over their plans to produce jointly a new European fighter aircraft for the 1990s.

A meeting of armaments directors of the five nations involved in the aircraft project takes place in Madrid this morning. It is one of six top level discussions which culminate in a meeting of defence ministers of Britain, France, West Germany, Italy and Spain in Rome on May 16.

Last week, the chief executives of British Aerospace, the French company Dassault-Breguet, and West Germany's Messerschmitt-Bölkow-Blohm met in Bonn, only a week after a meeting between the defence ministers of Britain and France.

At the centre of the discussions are attempts to resolve differences over the nature of the aircraft to be produced, as well as how the project should be managed and work shared between the national industries. More than 800 aircraft and investment of $10m – $15m could be involved in what would be the biggest-ever European collaborative venture in defence. The new aircraft principally would replace the present Jaguars and Phantoms in service with the five countries.

The armament directors will today try to reconcile two distinct proposals for the aircraft which have been produced in the feasibility studies conducted by the five industries. France is the odd country out, having produced a "minority" study which Britain argues would produce an under-powered aircraft that might be maximised for export but would not meet the threat in Northern Europe. The British position was endorsed in the second feasibility study by West Germany, Italy and Spain.

However, officials say questions of design leadership and work-sharing have not been formally addressed since ministers agreed in outline last year that, while the five industries would share out production work according to the number of aircraft each country ordered, development costs would be apportioned so that France, the UK and Germany each took 25 per cent with Italy and Spain dividing the remaining quarter.

# Bundesbank warning on Euronote financing

BY JONATHAN CARR IN FRANKFURT

THE West German Bundesbank has ssued a sharp warning of the risks involved in the profusion of new financial instruments, including Euronote facilities, emerging on international markets.

In its annual report released today the central bank said the problems arising from innovations like Revolving Underwriting Facilities (RUFs) and Note Issuance Facilities (NIFs) should not be underestimated.

Such instruments, along with other relative novelties like currency swaps, tended to blur the line between short- and long-term financing and loaded big interest risks on the borrower, the Bundesbank said.

It added that banks using the facilities faced the danger that they might have to make good their credit guarantees, just as the moment when the borrower's status was in question and no one else would lend.

The Bundesbank does not go as far as the Bank of England, which earlier this month announced tough new accounting standards to ensure that banks involved in Euronote business have adequate capital cover.

Previously banks had been able to treat commitments arising from such business as "off-balance sheet" items which did not require capital backing.

However, the Bundesbank does stress that precisely because so many financial innovations make their impact "off-balance sheet," it is hard, if not impossible, to gain a proper overview of the market.

Accordingly it proposes that there be a drive to gain more information, along the lines of the official efforts made in recent years to gather details of international bank lending and debt.

The Bundesbank is encouraging further liberalisation of the German capital market, and is ready to tolerate some financial instruments — like variable interest rates and zero coupon bonds—that it previously frowned on.

But its latest comments underline its deep scepticism of the value of many international financing innovations—a view also held by many German commercial banks.

# Decision on Superphenix N-plant set for June

BY DAVID MARSH IN PARIS

A DECISION is likely in June on whether to postpone again the entry into service of the controversial FFr 20bn Superphenix fast breeder reactor.

M Boris Saitcevsky, chairman of Nersa, a consortium of European utilities responsible for building the plant in which Electricite de France has a 51 per cent stake, said yesterday that work was going on to adjust flows of liquid sodium in the reactor vessel following the discovery of unexpectedly high vibrations in the cooling system earlier this year.

The vibrations—in pieces of equipment whic deflect flows of sodium from one part of the cooling system to another—are of the order of several millimetres every three seconds. But they have been of crucial signficance over the past few months in raising further doubts about the future of the world's largest commercial fast breeder project, which has already faced considerable hold-uns for technical and economic reasons.

Fast breeders, which burn a mixture of plutonium and depleted uranium normally discarded by the nuclear industry, allow considerable savings of enriched uranium compared with thermal nuclear reactors. But their economics have been undermined seriously by the sharp slowdown in world nuclear construction in recent years and by a growing surplus of enriched uranium.

The 1,200 MW Superphenix, under construction for more than a decade at Creys-Malville in the Rhone Valley, is scheduled to go critical in August or September and to start producing electricity at the end of the year. Full scale service is envisaged in mid-1986.

M Saitcevsky said it was still not clear whether the schedule would be put back because of the vibrations, but the situation would be clearer by June after further efforts to alter the mechanics of the sodium flow.

He stressed that loading of the core would only go ahead if an acceptable solution had been found. The difficulty was more of economics than of safety. Vibration-induced metal fatigue in reactor parts would considerably cut the plant's operating life.

Superphenix is being financed by utilities in France, West Germany, Italy, Belgium, the Netherlands, and to a very small extent, Britain.

# EEC earmarks £131m for Ethiopia aid

By Paul Cheeseright in Brussels

The EEC is assigning Ecu 230m (£131m) to help finance Ethiopia's development over the next five years, Sig Lorenzo Natali, the commissioner in charge of development, said yesterday.

This sum is independent of other aid which would go to Ethiopia through regional development programmes in Africa or through emergency schemes to help 8m people afflicted by drought.

Sig Natali announced this development aid within the context of the Third Lome Convention, which is just coming into force. It is a pact linking the EC to developing countries for both trade and development.

During the period of the Second Lome Convention, the EEC provided Ethiopia with Ecu 141m, but of that sum, most was spent on industrial projects. Under the new convention the priority will be agriculture.

Ethiopia this year needs 1.5m tonnes of food, mainly cereals. So far there have been international commitments to cover 1m tonnes, he said, of which the EEC share is 395,000 tonnes and that of the U.S. 400,000 tonnes.

# Minister's mediation ends strike by Italian journalists

BY OUR FOREIGN STAFF

THE ITALIAN journalists' union yesterday called off its three-day nationwide strike after Sig Gianni de Michelis, the Labour Minister, offered to help mediate in a contract dispute.

Union leaders and representatives of publishing and broadcasting companies spent the day in meetings with the minister. After the talks, Sig de Michelis said he hoped to resolve the dispute by the end of the month.

The journalists, who are demanding a 24 per cent pay increase over three years, had threatened to deny news coverage to politicians at the official start of the campaign for regional and municipal elections being held on May 12.

Other victims of the dispute would have been the Prince and Princess of Wales who today begin a 17 day tour of Italy which will take them all round the peninsula.

The Italian publishers' federation has said that the journalists' demands would actually cost them 55 per cent more.

Sig de Michelis said that grounds for productive negotiations had been identified after he had talked with both sides in the dispute.

The first day of the strike yesterday blacked out news agencies and radio and television news bulletins. No newspapers appeared today.

The National Press Federation, representing the journalists, disputes the employers' figures about their claim. But they attach more importance to issues regarding the introduction of new technology.

Italian printers have in principle agreed to let journalists use terminals which connect directly to the typesetting operation. But the journalists say the newspaper owners are planning to exclude them from a role in planning the introduction of the new technology and are not prepared to make adequate provisions for the treatment of stress caused by the new technology.

● The trial has begun in Milan of 11 present and former employees of Citibank, the New York bank, on charges of violating Italian foreign exchange regulations. They are alleged to have been involved in a systematic attempt to get round currency trading limits in the 1970s, by means of a device known as "parking," under which foreign exchange transactions were arranged at artificial prices.

# OVERSEAS NEWS

## Karami visits Syria to discuss Beirut's latest political crisis

BY NORA BOUSTANY IN BEIRUT

MR RASHID KARAMI, who resigned as Prime Minister of Lebanon on Wednesday, went to Damascus yesterday for talks with the Syrian leadership. His decision to quit followed 15 hours of street battles in West Beirut during which the Shia Moslem Amal militia, backed by Druze fighters, overcame resistance from the Sunni Moslem Mourabitoun militia, supported by Palestinians.

Mr Karami has agreed to stay on as caretaker premier, but the collapse of tha Government of National Unity came as a serious blow to Syrian attempts to impose its own settlement on Lebanon's warring factions.

Syrian-sponsored newspapers yesterday laid the blame for the fighting in Beirut at the doorstep of Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, "and his stooges." They did not make detailed charges against Mr Arafat, but hostility in Damascus towards the PLO leader has intensified as a result of his joint peace moves with King Hussein of Jordan.

Pro-Syrian militias and factions dominated by Amal yesterday jointly agreed with the Druze fighters headed by Mr Walid Jumblatt to form a strike force of up to 500 men to assist in maintaining order in West Beirut and in the sourthern port city of Sidon.

Both Amal and the Druze also sent emissaries to Damascus, presumably to discuss future tactics. The talks have intensified speculation that Syria wishes to continue exercising its major influence on the ground in Lebanoo through intermediaries rather than through the deployment of its own armed forces.

There was further panic in Beirut yesterday during the funerals of some of the 36 people killed during Wednesday's fighting. Residents fled indoors to escape the blast of rocket-propelled grenades and exchanges of small arms fire.

● A senior Lebanese official of the American University of Beirut was kidnapped yesterday, as Beirut newspapers carried an appeal from the Rev Jesse Jackson, tha U.S. civil rights campaigner, for the release of five abducted Americans, Reuter adds from Beirut.

Mr George Sayegh, acting vice-president for administration at the university, was seized by armed men who broke into his house in mainly-Moslem West Beirut shortly after midnight, tha university said in a statemeot.

## U.S.-Israeli production of ships and missiles agreed

BY DAVID LENNON IN TEL AVIV

ISRAEL and the U.S. have agreed to jointly develop and produce submarines, missiles and corvette-class patrol boats, Israel defence officials, estimate the deal could be worth more than $1bn (£787m) over the next decade.

Mr John Lehman, the U.S. Navy Secretary, who announced the agreement late on Wednesday, said that co-ordination on modernising the Israeli navy was needed to combat "the infusion of new weapons" into the region, by the Soviet Union and "other reckless actors in the area."

The Navy Secretary said agreement has been reached with Israel on "a common formula to pursue jointly, the modernisatioo of submarine, missile boats and other systems in the future."

He also revealed that the U.S. armed services are interested in acquiring a second squadron of 12 Israeli-made Kfir fighter jets which they use to simulate Soviet aircraft in mock battles. It is not clear if the U.S. will buy or lease these planes.

Israel asked the Pentagon to build three new diesel-powered submarines in the U.S. thus enabling it to pay for them with U.S. military aid. But Washington has been reluctant to build oon-nuclear submarines.

Mr Lehman said no decision had yet been taken on where the submarines would be built. But he hinted that it was likely that the work would be carried out in Israel.

The programme will cost about $350m

## Sudanese guerrillas in peace initiative

By Michael Holman in Khartoum

THE SOUTHERN Sudan guerrilla leader, Col John Garang, is due in Khartoum shortly for talks with the country's military leader, Gen Abdul-Rahman Swareddahab in what is regarded as a major breakthrough in efforts to end the rebellion in the south.

The ruling military council said last night that Col Garang, leader of the Sudan Peoples Liberation Army, was due to arrive in Khartoum from the Ethiopian capital of Addis Ababa within the next 48 hours.

"Ha will meet with the general maybe Friday of Saturday," said the council. The meeting is the outcome of recent talks in Addis Ababa between Col Garang and a delegation sent by the military council.

In his initial response to the coup which overthrew President Jaafar Nimeiri, Col Garang was highly critical of the new military regime, saying that it was "the sama regime but without Nimeiri." But a series of concessionary gestures by the military have apparently paved the way for direct talks.

Col Garang bas already been offered a place in the new Government, and earlier this week Gen Swareddahab said that the military council had repealed the two-year-old division of the south into three administrative regions, seen by southerners as an attempt to divide and rule.

● Meanwhile, a rebel group fighting for renewal of southern autonomy said it had resumed military operations against government troops after a week-long ceasefire in the south, AP reports from Nairobi.

In a radio broadcast monitored in the Kenyan capital, the Sudan People's Liberation Army (SPLA) said its forces attacked a government garrison on Wednesday, killing 22 troops and wounding nine.

The broadcast, from Ethiopia which supports the rebels, gave no futher details and independent verification of the attack was not possible. The renewed operations, the broadcast said, followed the failure of the "generals in Khartoum to hand over power to the people."

In an April 9 broadcast, Col Garang issued an ultimatum to the new Government "to immediately transfer power to the people within seven days from today."

## Protests erupt after NZ rugby tour decision

BY DAI HAYWARD IN WELLINGTON

REACTION to the New Zealand rugby authorities' decision to go ahead with the July tour of the national side to South Africa was immediate and widespread: an arsoo attack on a rugby club building, a staff strike at the hotel where the country's rugby councillors are staying for their annual meeting, the provision of immediate police protection for the councillors, their homes and business premises, and various protest meetings and marches.

Both Prime Minister Mr David Lange and Deputy Prime Minister Mr Geoffrey Palmer have encouraged peaceful public protest against Wednesday's decision by tha New Zealand Rugby Union as the only way to persuade it to cancel the tour.

The feeling, however, is that the tour will now only be cancelled if the lives of the national side, the All Blacks, are seen to be in dangec. Union chairman Mr Ces Blazey hinted yesterday that he might reconsider if that were the case.

Meanwhile, the New Zealand police yesterday implemented a big security operation to safeguard the councillors, rugby clubs and major stadiums. Police leave bas been cancelled for the duration of the planned tour.

There were protest marches in all New Zealand's major cities yesterday and scathing criticism of the decision came from most major newspapers as well as from government and church leaders, teachers' organisations and tradea unions.

The Auckland Union has said it stands to lose NZ$100,000 (£35,906) in sponsorship from companies which had withheld commitmenta until the tour decision was made.

● Four of the seven Australian test cricketers who signed contracts to tour South Africa in November have withdrawn, the tour organiser said yesterday. Reuter reports

Steven B. Butler reports on efforts to reform South Korea's constitution

## Seoul opposition pushes for power

THE SOUTH KOREAN Government and the country's political Opposition appear headed for a collision over the issue of constitutional reform. While a full-scale confrontation could still be some way off, positions on both sides have remained firm since the Opposition's strong gains in February's national elections.

The Opposition wants an electoral system, particularly for the presidency, which will allow it a genuine chance to translate its widespread popular support into a share of political power.

The Government appears inteat on delay, arguing that political stability requires that the Constitution remain unchanged until after 1988, when President Chun Doo-Hwan's term of office expires. The Government says that a peaceful transfer of presidential power, which would be Korea'a first, is more important than any other consideration.

True, the Opposition remains preoccupied with its internal divisions, and the Government, apparently shocked by the election results into greater concern for its public image, is working hard to put its best foot forward. It has lifted political restrictions on major Opposition figures and bas allowed news media a freer rein than at any time in recent history. The leadership of the ruling Democratic Justice Party (DJP) speaks repeatedly of the need for a dialogue with the Opposition.

These moves will certainly buy time, but few political observers in Seoul are optimistic that an accommodation will be reached.

February's election showed that there is a national consensus for revision of the Constitution, according to Mr Lee Min-Woo, left, leader of the opposition New Korea Democratic Party. This is something on which not a single step of compromise is possible as far as the opposition is concerned, he says.

Mr Lee Min-Woo, leader of the New Korea Democratic Party, the main Opposition force, is now calling openly for the President's resignation and the formation of a caretaker Government to elect a new President. While the demand is not new, its appearance in the local press last month caused a sensation and led to its being formally adopted as party policy.

Tha ruling party responded with bellicosity but then backed away, but only slightly, saying that the Opposition had indicated it accepted the legitimacy of the current system.

Mr Lee denies this. "We have never said that we accept the legitimacy of this military Government," he said.

Speaking sarcastically of the recent calls for dialogue by Mr Roh Tae-Woo, a close confidant of the President and chairman of the DJP, Mr Lee said: "I have no reason not to see Mr Roh. But I question the worth of seeing a man who has no authority to make substantive decisions. Even 100 meetings like this are not useful."

Instead, Mr Lee is pressing for direct talks between the President and the two main Opposition figures recently freed from comprehensiva political bans, Mr Kim Dae-Jung and Mr Kim Young-Sam.

The DJP chairman, however, dismissed this possibility, saying it would be inappropriate for the President to meet the two men since they still have no official standing in the political system.

"There appear to be people in the Government who think they can respond in a cosmetic way and get away with it," says one diplomat. "And I don't hold out hope that the Government will be willing to share power."

Another said: "Don't underestimate the power of revenge as a motive." The fear is that formar dissident leaders, once in power, might take revenge on the military leaders responsible for the coup which brought them to power in 1980.

The main Opposition party is already calling for a formal inquiry into the 1980 uprising in Kwangju, where several hundred civilians were killed. Many Opposition figures blame Mr Chun for the violence.

It is also feared that the widespread factionalism within the Opposition reduces the chances for genuine restraint on its side. Any sign of moderation is often seen as evidence of having sold out to the Government.

Mr Roh has left open the possibility of constitutional revision after the next presidential election, but a revision after 1988 would imply at least a 10-year wait before a directly elected president would be possible. With the two Kims approaching 60, and having already waited 25 years since the last genuinely competitive elections, they are losing patience.

"The past election," says Mr Lee, "showed that there is a national consensus for revision of the present Constitution. This is something on which not a single step of compromise is possible so far as we are concerned."

## Pakistan likely to face $1bn deficit

By Mohammed Aftab in Islamabad

PAKISTAN'S new civilian Cabinet is likely to face a balance of payments deficit of more than $1bn (£787m) this year, underscoring the country's deepening problems and the need for economic reform.

The rapid fall in the rupee's foreign exchange value, a significant slowing in workers' remittances from the Middle East and the failure to meet export and import targets are the main causes of the worsening situation.

The country's problems are compounded by its rising foreign debt borden. Pakistan has foreign debts of $12bn, costing more than $800m to service in the financial year to June.

Remittances from overseas Pakistanis, who work mainly in the Middle East, have fallen by 14 per cent this year compared with 1983-84.

Exports lagged behind by 14 per cent in the first nine months of 1984-85 compared with the same period the previous year, while imports rose sharply.

The 1984-85 wheat harvest is estimated by the Food and Agriculture Ministry to be around 2m tonnes less than the production target of 13.3m tonnes. That will force the country to import around 2m tonnes, "to maintain a comfortable reserve."

A chronic power shortage across most parts of the country has hit the farm belt, already suffering from a six-month long drought.

Mr Mohammad Khan Junejo, the new Prime Minister, has said that the present serious shortage of electricity will receive "top priority of the Government." A crash plan to augment hydro-based power production, hit by severe drought and poor management, will be discussed in Cabinet next week.

### Karachi calm

KARACHI – Security forces regained full control of the city yesterday after three days of rioting that left 10 people dead. Pakistan army forces and riot police continued to mount strong patrols around the city and soldiers manned machine gun posts at strategic points, but the authorities reported no new rioting. Agencies

# WORLD TRADE NEWS

## U.S. invites final bids for battle system

By Bridget Bloom in Gutersloh, W. Germany

BRITISH and French companies are nearing the final stage in their rival bids for a U.S. army telecommunications contract which could be worth nearly £4bn.

Best and final offers have been invited from the two rival consortia to supply 25 divisions of the U.S. Army with a new battlefield communication system.

At the heart of the bids are the British Ptarmigan system, which will be in full operation in the first division of the British Army on the Rhine this month, and France's Rita (Reseau Integré Transmissions Automatique) system, which is now in service with the French and Belgian armies.

The Ptarmigan consortium is led by Rockwell of the U.S., and involves Plessey, as the UK prime contractor, with STC, Marconi and other companies. GTE is the U.S. company leading the Rita bid with Thomson CSF as the main French contractor.

The two systems have been intensively tried in the run-up to a probable Pentagon decision in late July.

The most recent demonstration of Ptarmigan took place in Germany last week witnessed by a 35-member team of Pentagon and Congressional officials led by Mr Jim Abrose, the Army under-secretary.

The U.S. contract is believed the largest single American military deal ever opened to foreign competition. There is no U.S.-produced battlefield communications system directly comparable to the Ptarmigan or Rita systems.

Both systems claim to offer enormaus improvements on current tactical communications, both are fully mobile, and more secure, capable and resistant to damage than their predecessors.

In apparent anticipation of U.S political and legal obstacles to an order with such a large foreign content, the GTE-Thomson group is playing down the French content of its bid.

It was officially indicated earlier this week that the U.S. content would be 65-70 per cent to begin with and up to 80 per cent eventually.

There are indications that the Rockwell-Plessey bid will also have a higher U.S. content.

## Cable and Wireless aims for Sri Lanka communications deal

BY JOHN ELLIOTT, RECENTLY IN COLOMBO

CABLE and Wireless of the UK is bidding to privatise the outdated telecommunications system of Sri Lanka in partnership with the Government and to manage the country's national and international telecommunications links for the next 20 years.

An offer was submitted by Cable and Wireless in January after the Sri Lankian Government had decided to privatise the system. But inter-ministry problems led to delays and the Government has now put the project out to world-wide tender.

Cable had hoped that Mrs Margaret Thatcher, British Prime Minister, would push its case when she visited the island last weekend.

But the Department of Trade and Industry in London decided to advise her against doing this, because British Telecom is considering submitting a rival bid. With two companies interested, the Government believes it can back neither concern.

Other bids are expected from Singapore Telecom, NTT of Japan and Bell of Canada. But Cable and Wireless is the only company involved which has experience of running telecommunication systems outside its own country.

Cable and Wireless has offered to invest about £25m-£35m, depending on the existing system's asset valuation. It would take 51 per cent of the equity in a new company.

The remainder would be taken up by the Sri Lankan Government and other interests which would probably include the International Finance Corporation arm of the World Bank.

Cable envisages expanding the number of telephone lines on the island which has a population of 15m, from 80,000 at present to between 300,000 and 400,000 in 10 years. Capital expenditure would total an estimated £400m.

The capital city of Greater Colombo urgently needs re-cabling and the rest of the system suffers from regular flooding. The management is hampered by bureaucracy, and President Junius Jayawardene decided the best cure was privatisation with a foreign collaborator.

Although the President is committed to opening up the Sri Lankan economy, there have been few other examples of privatisation. Cable and Wireless bas carried out a similar exercise in Macao.

## World 'will need 9,100 new airliners by year 2005'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European airliner manufacturing group, believes that the world's airlines will need to buy up to 9,100 new airliners ovec the next 20 years, both to satisfy traffic growth and replace existing ageing fleets.

It estimates the valne of that market at abont $510bn (in 1984 prices). Airbus believes that its own share of the market, in all types of aircraft (short-to-medium range, long-range, twin-aisle and single aisle) could amount to 2,600 aircraft, worth $132bn.

In its pre-Paris Air Show analysis of the world market, Airbus suggests that the biggest single demand will come in the short-to-medium range 100-180 seater market, with about 4,150 aircraft.

Another 3,650 aircraft will be needed in the bigger twin-aisle 200-600-seater category for short-to-medium range jets; with demand for nearly 1,300 long-range aircraft.

In terms of value, howevec, the twin-aisle short-to-medium range aircraft market will be worth most, because of the bigher price for each of the larger aircraft involved, with a total of some $265bn.

Of this, Airbus hopes to capture some 32 per cent, worth some $84bn, with its A-310 and A-300-600 series of airliners, with plans for a larger aircraft, the TA-9, also for this category.

## Extra British aid for BL-Honda link unlikely

By Jurek Martin in Tokyo

THE British Government is "rather unlikely" to provide additional financial assistance to BL in order to promote the mooted extensive collaboration between the UK car company and Honda of Japan.

Mr Norman Tebbit, UK Trade Secretary, stressed that the Government would probably need "a few weeks" to assess the impact of Honda's proposals on BL's corporate plan.

The Honda scheme, which Mr Tebbit confirmed was one of "potentially substantial ambition," bad only been presented just before Easter when the Government was only beginning to study the BL plan.

"We have to take a further look at the plan in the light of this further collaboration," he added.

Mr Tebbit conferred with Honda's senior management here yesterday and said the Japanese company fully understood the situation. He declined further comment.

On other trade matters, there was unofficial confirmation that Cable and Wireless of the UK is interested in entering Japan's more liberalised telecommunications field.

Mr Tebbit was understood to have raised the issue with Mr Megumo Sato, the Minister of Posts and Telecommunications.

He is believed to have been told there was no objection to Cable and Wirrless acquiring a stake in alternative basic communications networks being set up in competition with Nippon Telephone and Telecommunications (NTT), the former monopoly, so long as foreign capital participation did not exceed the permitted 33 per cent maximum.

The Trade Secretary also thought that the prospects of UK commercial aircraft sales to Japan hinged on changes in what he described as "outdated" regulations.

The Hawker Siddeley BAe-146, he said, was designed for a two-man crew, whereas Japanese rules specified a three-man crew for four-engined aircraft.

Mr Tebbit was concerned that "the strength of feeling in the U.S. Congress could lead to protectionist actions against Japan. The UK and the EEC, he maintained, would "strongly oppose" such retaliation, but if it happened in the U.S. "I fear the EEC would be forced into taking similar measures"

## Portugal resort comes to life again

BY DIANA SMITH IN LISBON

A SPRAWLING, 2,000-acre resort complex begun 14 years ago in Southern Portugal, but virtually shelved during the revolutionary years of the mid-1970s, bas come to life once again thanks to renewed confidence shown by foreign investors.

The enterprise is the Quinta do Lago resort on the Algarve coast. It was launched by a Polish-Brazilian businessman, Sr Andre Jordan. Its revival is an object lesson in how one man's determination has overcoma the almost insuperable odds prompted by the nationalisation of Portugal's banking sector and the collapse of its tourism industry following the 1974 revolutioo.

Quinta do Lago today is a busy complex of luxury villas, golf courses, country and beach clubs aod low density holiday flat, bungalow and hotel clusters.

An estimated $120m of construction work is under way at the site, and Sr Jordan has parleyed the property's $8m debt into current assets of more than $30m. Investors and contractors from Britain, Ireland, Belgium, the Netherlands and Saudi Arabia have undertaken development of separate pieces of the complex, and Portuguese banks, once the source of much of Sr Jordan's grief, have rescheduled the project's debt.

For Sr Jordan, now in his 50s, it was not always so, for he had to virtually lose the property in the revolution aod battle for seveo years to win it back.

At the time of the revolution, which resulted in the loss of all Portugal's colonies, Sr Jordan had sold 45 individual plots and had sunk $5m into Quinta do Lago. The funds were borrowed from Portuguese banks that were private until March, 1975.

At that stage a golf course and country club, roads, drains, electricity and water supplies had already been set up on the property. Some 650 plots were set to be sold to private buyers over the next decade. The purchase price was to be an average $100 per square metre, attractive mostly to wealthy individual buyers.

Sr Jordan felt that the natural beauty of the site should be preserved: he was not interested in the high density over-building that was beginning to sprout in the Algarve.

The first turbuleot waves ran through the lagoons of Quinta do Lago when a works committee of Portuguese staff set itself up after April, 1974. The committee wanted a say in management. This was the fashion all over Portugal, but it particularly worried tour operators who sensed serious troubla ahead.

When the banks to which Sr Jordan was indebted were abruptly nationalised in 1975 the Portuguese State suddenly took over Quinta do Lago, leaving Sr Jordan out; to be supplanted by inexperianced State appointed managers.

Sr Andre Jordan . . . Battle against almost insuperable odds

From then until his raturn in 1982, only the golf course stayed in reasonable shape. Tha rest of the property ran down, and plots were available at $50 per sq metre.

Desperate to get Quinta do Lago back into shape and to convince prospective buyers that the site was viable, he started discreetly sounding out big business with a view to attracting new investors for larger developments than the individual plots.

He found several buyers for sites of 20 acres or more to be developed as holiday villages oc hotel-bungalow complexes, or villa clusters near the golf courses.

Major international investors have now begun to build complexes and to date 150 individual plots have been aold.

Negotiationa are under way with large German and French groupa for investment in another golf course and country club complex and a commercial centre.

Shell, in a novel departura from oil, has joined forces with the Belgian Sofina (Societe Financiere) and the Banco Portugues do Atlantico to build a villa and flat cluster of 160 units that will ba run by tour operators.

Bovis, the UK construction engineering group, and P & O, the shipping and tourism organisation, are building a lakeside village with 200 cluster units and a health club. Ireland's McInerney Properties are building a country club with 75 luxury units attached, and soon, building will start on a 150-room hotel and 35-bungalow complex owned and operated by the Saudi Prince Khalid-Bin-Fahd-Al-Fisal.

Sr Jordan sees the recovery of Quinta do Lago, and the strong interest of solid international groups in participating in its development as proof that not only his property but the Algarve itself now have an international seal of approval after the shaky 1970s.

## Dutch ferry order for Japan

BY ANDREW FISHER, SHIPPING CORRESPONDENT

NEDLLOYD, the major Dutch shipping company, has placed a $50m (£40m) order for a new North Sea ferry with a Japanese yard after a Dutch shipbuilder turned the contract down because of inadequate government subsidy.

The order was to have gone to the Van der Giessen-de Noord yard near Rotterdam as the second of two ships to be built for North Sea Ferries, a partnership of Nedlloyd and Peninsular and Oriental Steamship of the UK. P & O has already ordered its ferry from the Govan yard in Scotland.

Nedlloyd said the order for the ferry had now gone to Nippon Kokan of Japan. The passenger-ship sector is one that Japanese yards are keen to break into, in view of the difficulties suffered by most types of cargo shipping.

Van der Giessen had sought a subsidy for the Nedlloyd order of Fl 100m (£23m), but was offered only Fl 45m by the government, which wants to cut down on aid to the industry. Other yards have also had subsidies cut.

Yesterday, the yard was hit by a strike over its decision to make 1,200 people redundant out of its 1,600-strong workforce, following the reduced subsidies.

The yard is currently building a £40m ferry for Zeeland Steamship, the Dutch partner of Sealink UK in the cross-Channel market.

Nedlloyd said it had had to move fast to find a new yard for the 31,000 gross ton North Sea vessel, able to carry over 1,200 passengers, as well as freight, on the route between Hull and Rotterdam. The NKK yard was involved in the original bidding for the contract.

● Wartsila of Finland said it had won an order from Jahre Line of Norway to build a 24,000-ton car and passenger ferry. This will provide work for around 500 people.

Previous lay-off notices have been withdrawn. The ferry will carry nearly 1,500 passengers, 300 cars, and 70 trailers between Oslo and Kiel.

● Daewoo of South Korea is to borrow $88m for seven years from international banks to finance the construction of 12 ships for the Shipping Corporation of India. Annual interest will be 0.375 per cent over the London Interbank Offered Rate (Libor).

## Caricom drive to halt region's trade slide

By Canute James in Kingston

THE CARIBBEAN Economic Community (Caricom) has agreed on a new target date of June 1 for implementation of measures to halt a slide in the volume of regional trade.

The new arrangements, including common tariffs on a list of "sensitive" goods from outside the region, and a dismantling of protectionist barriers by some members, should have come into force in January.

The value of Caricom commerce fell from $555m (£501m) in 1982, to $481m in 1983. The community's Secretariat has indicated that the fall continued last year.

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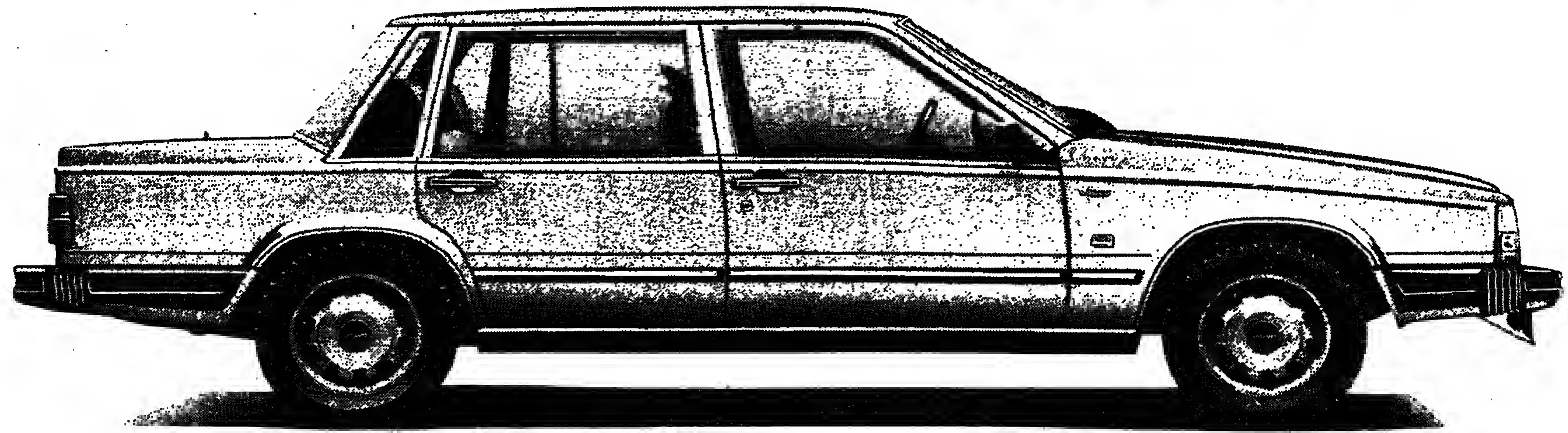

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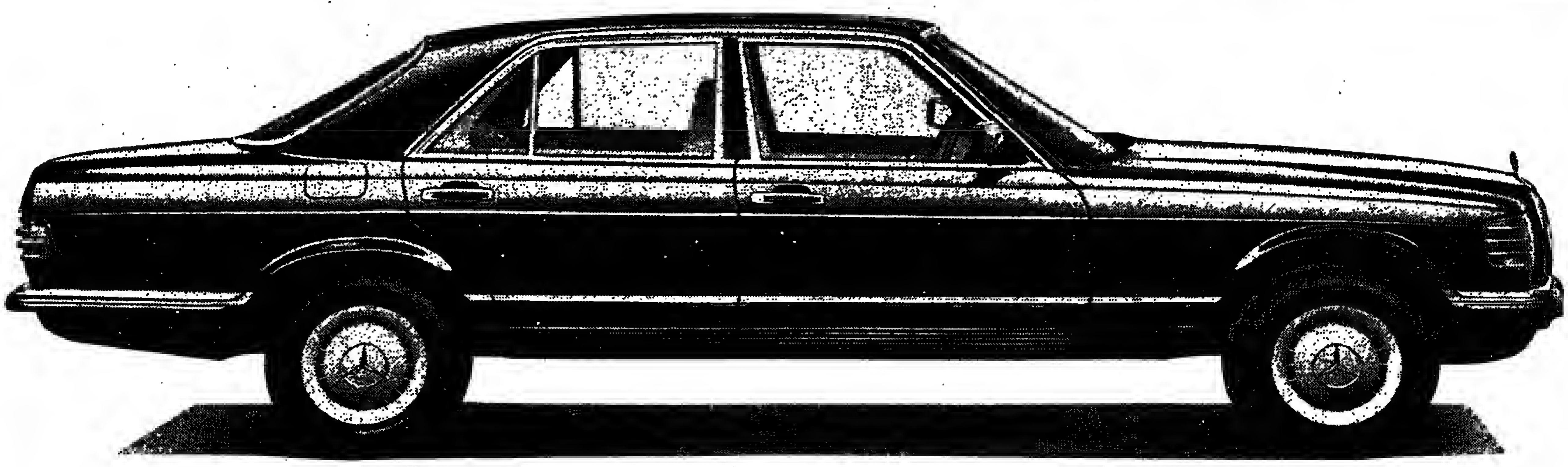

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# Reagan rubs raw nerves in Europe

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PREPARATIONS for President Ronald Reagan's 10-trip to Westero Europe next month are fast deteriorating into a public relations fiasco, from which Mr Reagan will need all his instinctive political skills to extricate himself.

In a series of mix-ups, misjudgements and sudden schedule changes, the White House has already succeeded in rubbing raw nerves in Bonn, offending President Francois Mitterrand of France and irritating the Spanish Government. Only Portugal, the fourth and final country on the May 1-10 itinerary, seems so far to bave been untouched by the confusion.

At home, Mr Reagan's wavering over a proposed visit to a Nazi concentration camp and his decision to lay a wreath at a German war cemetery have bitterly antagonised American Jewish leaders and war veterans. The American media is asking whether he has not finally lost his magic touch as "the great communicator."

While most of the public furor has focused on the German war graves, M Mitterrand is understood to be quietly fuming ove rthe way in which arrangements were made for Mr Reagan's day trip to Strasbourg to address the European Parliament on May 8, the 40th anniversary of VE day.

The White House declined an invitation by M. Mitterrand to include a visit to Paris, and then told the French that Mr Reagan could not attend a dinner, oreven a lunch with M. Mitterrand in Strasbourg. Lunch had already been arranged with the centre-right M. Pierre Pflimlin, the president of the European parliament and a former mayor of Strasbourg, one of M. Mitterrand's long-time political foes.

M. Mitterrand, who had earlier offered to make himself available in any way the White House thought suitable, has angrily washed his hands of the Strasbourg affair. Althougb he appears not to be annoyed with Mr Reagan personally, be has found the incident particularly galling as he went to great inconvenience to accommodate Mr Reagan's wishes during the 40th anniversary of D-Day ceremonies on the Normandy beaches last June.

The decision that Mr Reagan should deliver a forward-looking unifying address to the Parliament on May 8 is seen in Washington as perhaps the only felicitious touch of the arrangements so far. It meant, bowever, bringing forward the original dates of Mr Reagan's visit to Madrid by two days at short notice.

The move, taken without full consultation with Madrid, is understood to bave annoyed tbe Spanisb authorities, who had already made plans for tbe later date

Meanwhile, Mr Reagan is in trouble over the German section of tho visit. This week, Jewish and veterans' groups and 53 U.S. senators—a majority of the chamber—have implored him to drop the visit to the German cemetery at Bitburg, wbere about 30 SS troops are among those buried

Mr Reagan, however, who is reported to be deeply upset by the whole affair, does not want to go back on his pledge to West German Chancellor Helmut Kohl first proposed a cemetery visit five months ago, when the idea was to find a cemetery containing both erman and American graves. No such graveyard, however, exists in West Germany.

It is now clear that cancellation of the Bitburg ceremony would deeply offend the West Germans, while to go ahead will infuriate American Jews and Veterans.

Most of the hlame for the fiasco in Washington is falling squarely on Mr Michael Deaver, the outgoing White House aide in charge of advance preparations.

Rupert Cornwall in Bonn writes: The wretched saga of the organisation of President Reagan's state visit bere next month has brought fierce and politically damaging domestic criticism upon the shoulders of Chancellor Helmut Kohl.

The two Reagan advisers yesterday completed their hasty trip to West Germany to inspect the possible concentratioo camp sites, one of which the President has now said he will call at during his stay in the country.

The grisly choice, expected to be announced shortly in Washington, lies essentially between Dachau near Munich and Bergen Belsen near Hannover. More important, however, the embarrassing fashion in which this last minute additioo has been forced upon the official programme has placed the Chancellor's judgment and sensitivity in a most unflattering light.

Herr Franz Josef Strauss, the Bavarian leader of the CSU, the allies of Herr Kohl in Government, last night publicly complained that the affair had been "very clumsily handled" hy the Bonn side. The opposition Social Democrats have accused tha Chancellor nf seriously damaging German prestige in the U.S.

# Union Carbide increases relief fund

By Paul Taylor in New York

UNION CARBIDE, the U.S. chemicals group at the centre of the controversy over the Bhopal, India toxic gas disaster which killed over 2,000 people, yesterday agreed to a New York judges' decision that it make an immediate $5m (£3.9m) payment to victims of the tragedy.

Earlier this week, a New York federal judge, beginning hearings on 55 claims totalling about $100m (£77m) against the company, suggested that "as a matter of fundamental human decency" Union Carbide should make a "substantial" immediate payment "in the range of $5m to $10m)" towards "systematic emergency relief."

Judge John Keenan told the 90 lawyers assembled for what is expected to be a marathon case said the payment could be made without "in any manner, shape or form acknowledging liability."

Union Carbide, responding to the suggestion, said yesterday that it is prepared to pay an additional $5m toward Bhopal disaster relief efforts, noting that the payment would bring the company's total contributions and pledges to more than $7m.

In a letter to the judge, Mr Bolf Towe, Union Carbide's treasurer, said the company "shares the court's deep concern about the health and welfare of the surviving victims of the Bhopal gas leak tragedy and recognises the importance of immediate interim relief."

Union Carbide results, Page 17

# Contras aid package suffers triple blow

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE Reagan Administration's drive to ohtain Congressional support for the counter-revolutionary forces seeking to overthrow the Nicaraguan Government has suffered three reverses. The President is, however, considering whether to make a major televised speech at the weekend which would seek to persuade legislators to vote a $14m (£10.8m) grant to the counter-revolutionaries.

President Luis Alberto Monjo of Costa Rica announced on Wednesday that be wsa reversing his stand of support for U.S. aid to the counter-revolutionaries. Speaking in San José, President Monje said: "The $14m should be used for humanitarian purposes and not for military aid."

In Washington the bipartisan Arms Control and Foreign Policy Caucus of the U.S. Congress yesterday published a report pointing out tbat 46 of the top 48 positions in the command structure of the FDN, the main Nicaraguan counter-revolutionary forces, were occupied hy National Guardsmen of the former Somoza dictatorship.

In a third development tho Vatican issued a written statemeot denying President THE INCREASING strength of Reagan's elaim made on Wednesoay that it supported U.S. policy in Central America. It said: "Our position must not be interpreted as a political stand in favour of any party

Mr Reagan had said that Pope John Paul II had been "most supportive of all our activities in Central America."



Gen Jorge Videla, centre, first leader of the Junta after the 1976 coup, flanked by his successor Gen Roberto Viola, left, and Gen Leopoldo Galtieri, right, last of the line

# Argentina puts its former leaders in the dock

BY JIMMY BURNS IN BUENOS AIRES

"THIS IS a political trial in which the outcome is already known. The accused will be condemned not because they are the most guilty but because it is a political necessity."

Thus a prominent local lawyer describes the trial, beginning on Monday, of former Presidents Jorge Videla, Roberto Viola and Leopoldo Galtieri, three admirals, and three hrigadier generals who formed the military Juntas which ruled Argentina from 1976 to 1982.

The trial will be a court martial. The charges are of illegal detention, torture, robbery, murder, breaking and entry, and falsification of public documents. The defendants' are facing sentences of 25 years to lifo.

The trial's political ramifications appear limitless. Prosecution witnesses will include relatives and junior officers, but evidence will also be provided by such foreign governments as France, Sweden and the U.S., which have been closely involved with Argentine hnman rights.

Tho defence, meanwhile, will prodnce tape recordings exposing the collaboration of politicians, bishops, trade unionists and newspaper editors. It will also point to the activity of Dr Julio Strassera, the main prosecutor, as a judge during the former military régime when, like most of his profession, he refused to investigate cases of alleged disappearances.

If the trial had to do only with procedures, there is little doubt that it would run as speedily as other courts martial, and as certain of fair judgment as any other case going before the courts.

However, for the first time in Argentine bistory, the court martial's six-man jury will comprise not military men but civilians. Those in the dock, moreover, belong to a sector of Argentine society which has enjoyed virtually unassailable status since the 1930 military coup first entrenched the armed forces in politics.

The fact that senior members of the armed forces are being prosecuted on charges previously applied only to civilians hints at the heart of the matter. The upcoming trial will undoubtedly bighlight two completely different concepts of Argentine society.

For the upholders of democracy, tho Juntas are responsible for baving ordered and approved the repression that led to the "disappearance" of over 8,000 Argentines following the 1978 coup. They say that, in their disregard for lifo and propetry, and their conviction that the end justified the means, the Juntas behaved like common criminals or terrorists and thus deserve to be punished accordingly.

The military and civilian right-wing extremists believe the Juntas behaved like truo patriots, defending Western, Christian values from the threat of Marxist revolution by veiled anti-Christs posing as terrorists. They insist that it was they, not President Raul Alfonsin, who ensured an eventual return to democratic rule.

These opposing concepts first entered public debate in Argentina thanks to President Alfonsin's election victory in December 1983. Sr Alfonsin, himself an active buman rights campaigner during the military regime, took less than a week to set in motinn nno of his key electoral pledges by ordering the court martial of the Juntas. He subsequently endorsed the Sabato Commission's official investigation into the fate of tho "desaparecidos," those who vanished, presumed killed, during the Junta's rule.

The President was conscious of the need to curb demands for vengeance and to deal with the military in a way which would not provoke serious unrest. But he miscalculated in believing that the Falklands debacle and bis own convincing election victory would nudge the military towards an early public act of contrition.

The divide between those who condemn the Juntas and those convinced that the nation is in the military's debt, has become more acute in recent weeks. On Wednesday, the ruling Radical Party took the unprecedented step of publishing a full-page communique in all the national newspapers denouncing an alleged campaign of destabilisation.

Dr Strassera has vehemently denied that he wants to turn the court into a political theatre, but his public outbursts against the Juntas have earned him little respect as a professional seeker after objective truth and justice. The defence has similary expressed its conviction that tho trials have no real legal basis, charging the Government and its "left-wing allies" for having the case brought at all.

Dr Strassera plans to concentrate on 700 cases—a cross-section of the 8,000-odd already processed hy the Sabato Commission, human rights groups and civilian courts. They represent Argentina both geographically and socially, with victims ranging from journalists to priests, from the Andes to Tierra del Fuego.

Dr Strassera admits he has no specific evidence that the Juntas actually ordered, let alone participated in, torture, looting, and murder. But he will argue that the coincidence of the cases presented wilh decrees ordering the stamping out of "subversion" makes the former military leaders responsihle.

The defence will present captured pamphlets and confessions suggesting that politically motivated violence both before and after the coup was promoted as part of a conscious attempt by international terrorism to subvert Western democracies.

Government officials insist that the fact that Monday's trial is taking place shows the extent to which Argentine society has changed. Not only are civilians acting out their atonement, but the military high command is allowing them to do so.

This, however, nnderstates the complexity of the matter. The military chiefs, whom the Government likes to consider politically moderate, appear to have accepted the trial less out of conviction than out of political expediency.

They have reluctantly accepted that the Juntas are necessary scapegoats if the human rights issue is to be defused. Neither the present chiefs nor the more hardline junior officers seem to be any nearer to accepting that what occurred after 1976 was morally wrong. On the contrary, they expect President Alfonsin to desist from further show trials against an estimated 600 other officers whom human rights groups claim should also bear responsibility.

Monday's trial may yet turn out to be one of the most severo judgments of any society since Nuremberg. It is unlikely to be as conclusive, but it is as politically crucial, none the less.

# Doubts about World Bank's funding may be removed today

BY STEWART FLEMING IN WASHINGTON

SOME of the doubts surrounding the future role and financing of tbe World Bank, the Washington hased development institution which plays a key role in providing finance and advice to developing countries, could be resolved today when the meetiogs of tho development and interim committees of the Bank and tho International Mooetary Fund draw to a close.

Until a few months ago it was confidently predicted that this week would see firm foundations laid for a major increase in the financial resources of the Bank, a step wbich, it has been argued, could help to blunt criticism levelled at the industrial countires that they are not doing eoough to help to revive Third World growth.

Then, at the end of last year, the Bank's mansgement dropped a bombsbell on the representatives of the 148 governments who own the institution.

At a time when deeply indebted developiog countries are crying out for moncy, Mr Tom Clausen, the Bank's president, was forced to confess that the development agency would not meet its lending targets this year and would probably commit $11bn (£8.46bn) ratber than the $13bn it had forecast earlier.

That revelation provoked an angry debate about the Bank's activities and cast another shadow over the size and the timing of the increase in capital it says it needs.

At a stroke it provided ammunition for those, in particular the U.S., who have been arguing that no wis not the time for a big boost in Bank resources. They can now argue convinciogly that if the Bank is not even able to meet its current lending targets its need for more capital cannot be that urgeot.

**Growth prospects in the industrial countries, and particularly in the U.S., will be critical for the management of the debts of the developing countries during the rest of the decade, the World Bank says in a paper put to the joint International Monetary Fund and World Bank Development Committee, yesterday, writes Max Wilkinson.**

**The Bank believes a minimum growth rate of 3 per cent is needed in the industrialised countries. It stresses the need to increase growth in the developing world hy more investment and better export performance and it voices fears that the burden of debt servicing could hinder these prospects.**

**Among the measures which it suggests could help the developing countries are an increase in liquidity, more flexihle rescheduling agreements and a diversification of debts out of the dollar.**

Dismay and anger that the Bank'5s management could itself have helped to weaken its case for boosting funda it lends to the developing world boiled over at a directors' meeting in February.

Accusations that the management bad been "complacent," that it was pursuing policies which bad not been approved by the board and that the lending shortfall was due to internal management decisions not economic problems in borrowing countries were levelled at officials.

It is partly because of this background that the final communiqué of this week's meetings is being anxiously awaited to see whether government's have approved the bank's hlueprint for its future role and have given the go ahead for detailed work on defining its capital needs.

The Bank has made it clear that the conditions in wbicb it will be workin gin the rest of the 1980s and 1990s are markedly different from those of a decade ago. Above all the Third World debt crisis and the hudget problems of industrial countries mean that development funds will be scarce. To ensure that countries use their resources more efficiently, the bank will be putting heavy emphasis on lending only when it is convinced that money will he used effectively.

This shift has already made the relationship between the Bank and its borrowers much more complicated, not to say fraught. Many borrowing countries are far from happy with the idea that a group of international civil servants are going to becomo more involved in monitoring sensitive political decisions

The Bank haa made it clear too that the shift towards stricter monitoring of the economic policles of countries it is lending to will also nvolve a closer relationship with the International Monetary Fund.

Officials maintain, however, the explicit "cross-conditionality" between the bank and the IMF is not envisaged. They say it is vital for the economles of developing countries that the Bank's and IMF's policies do not clash.

It is not just in its role as a provider of finance, however, that the Bank sees change in the future. It believes that its expertise and its monitoring role can help to reinforce the flow of funds to developing countries from otber financing sources and from the private sector.

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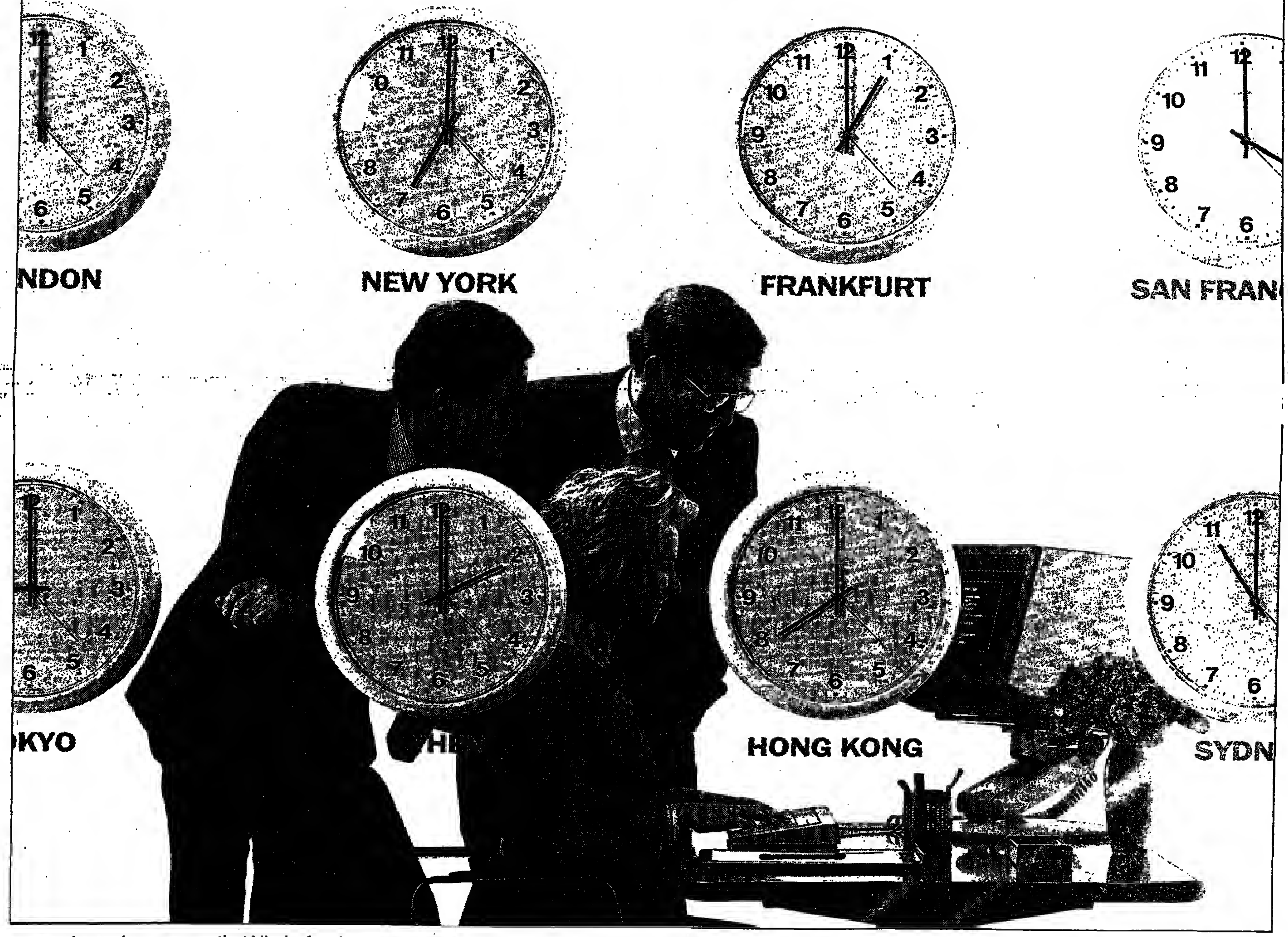


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# Employment alliance dismissed as irrelevant

BY PETER RIDDELL AND IVOR OWEN

THE GOVERNMENT yesterday brushed aside the formation of a new Employment Institute, which will examine the causes of unemployment and put forward possible solutions.

At the same time the Government loudly proclaimed the latest figures showing an increase in employment of more than 600,000 in the past two years.

The new body, to be formally launched in a few weeks' time, has the backing of an all-party group of senior politicians, together with industrialists, trade unionists and churchmen.

In the House of Commons, Mrs Margaret Thatcher, Prime Minister, said there were no "simplistic solutions." She insisted that the answer was the creation of "more genuine jobs," and pointed out that the UK was the only leading European country in which employment was increasing.

Mrs Thatcher said that if the increase in employment since March 1983 of 613,000 had been forecast, no one would bave believed it. Sbe added that the proportion of the population of working age in employment was higher in the UK than in West Germany, France or Italy, and was equal to that in tha U.S.

Ministers were generally dismissing the new employment institute as an irrelevant body that could produce no new ideas.

Its formation was most enthusiastically welcomed by Mr David Steel, the Liberal leader, and Dr David Owen, the Social Democrat leader, while a more cautious reception was given by Mr Roy Hattersley, the Labour deputy leader.

He said it might make an important contribution to the consensus against the Government and, while he personally did not wish to take part, he welcomed the move.

Mr Hattersley also disputed government figures on employment, pointing out that more than half the jobs were part-time and over half were for the self-employed. He added that the number of males in full-time employment had dropped by 143,000 over the period.

The new employment institute will have Sir Richard O'Brien, the former chairman of the Manpower Services Commission, as chairman of its trustees. The vice-chairmen will include Sir Ian Gilmour, the former Cabinet minister, Mrs Shirley Williams, the Social Democrat president, and Mr Michael Meacher, Labour's social services spokesman.

Members of the 100-strong councel are expected to include Mr James Callaghan, Lord Wilson, Mr Denis Healey, Mr James Prior and Sir Douglas Wass, the former Permanent Secretary to the Treasury.

There was some disagreement yesterday among the participants about the exact nature of the exercise. Some sponsors, both Conservative and Labour, regard the institute as primarily a research body which would look at the nature of the unemployment issue

Mr Steel said the formation of an all-party and non-party group would focus public and government attention on reducing the levels of waste through unemployment.

Sir Richard O'Brien commented yesterday that the institute was not a political party but aimed to publish "specific and practical Ideas and suggestions for action." Ha noted that the Government would not be compelled to adopt them, "but we bave very weighty and authoritative support in all walks of life so we think the Government will have to pay attention to what we say.

# Efficiency drive aids R-R engine business to reach £26m pre-tax

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE, the state-owned aero-engine manufacturer, achieved a dramatic turnround in its business last year, with pre-tax profits of £26m against a loss of £114m in 1983.

This is the first pre-tax profit for Rolls-Royce since 1981, when it earned £18m pre-tax. The attributable (bottom-line) profit after all deductions in 1984 was £20m, the first such profit since 1976, wben it amounted to £7m.

Sir Francis Tombs, chairman, who took over recently following the death of Sir William Duncan, said this improvement stemmed from "increased efficiency at all levels within the company.

"Increased productivity, improved methods and development of computer-aided design have all made notable contributions."

He said that turnover in 1985 was generally expected to remain at about the same level as in 1984 (at about £1.4bn), but some modest growth could be expected in the civil market, "where we will take every marketing opportunity in a civil aviation industry slowly moving out of recession."

Commenting on various elements of the company's business, Sir Francis says in his report that civil business, although better, continues to be slower than might have been expected with the passing of the recession.

Military sales were slightly higher than last year, with the RB-199 continuing to be the dominant programme. The Pegasus and Adour engines also made significant contributions to turnover, but helicopter engine sales were disappointing.

The industrial and marine business was slightly down, primarily as a result of the depressed power-generation market, but activity in gas and oil pumping and marine propulsion showed encouraging signs.

The company's operating profit rose from £74m to £162m, with research and development outlays lower (£101m against £131m), and interest charges also down (£35m against £55m).

The accumulated deficit of Rolls-Royce at end-1984 amounted to £316m, against £341m, at end-1983.

Sir Francis says: "Since 1971, the company bas been engaged in recovering its technical and financial strength in circumstances made more difficult by world recession and airline retrenchment. This has involved many painful changes and extensive job losses, but determination at all levels of the organisation bas produced a leaner and fitter company."

Lex Page 16

Moss Evans: taking legal action

# Union to inquire into ballot

By Philip Bassett, Labour Correspondent

MR MOSS EVANS, retiring general secretary of the Transport and General Workers' Union (TGWU) yesterday ordered an investigation into claims of ballot-rigging in last year's vote to elect his successor.

This followed a four-hour meeting at the union's London headquarters with Mr George Wright, the TGWU's Welsb regional secretary, who narrowly lost the election but is now demanding a fresh ballot. Mr Wright presented what he termed a "substantial" dossier of complaints, including new ones.

These will be examined within the regions named, and the results considered at a special meeting of the TGWU general executive council called for May 9. Mr Wright said the possibility of a new ballot was "an open question at present."

As the ballot-rigging row continued, Mr John Biffen, Leader of the House of Commons, told MPs that a debate on union ballots would be held next Tuesday. It was initiated by the Liberal-Social Democratic Party Alliance which will try to embarrass the Government by calling for the Trade Union Act 1984 to be amended to shift the onus from workplace to postal ballots.

Mr Evans announced that the TGWU intended to take legal action against Mr Bert Anstice, a scrutineer in last year's ballot in the south-east of England who alleged that he had changed branch voting figures on the instruction of regional officials.

He said the union would also sue Mr Vincent Hanna, a reporter on BBC 2's Newsnight programme, Mr David Dickinson, the programme's editor, and Mr Keith Harper, labour editor of the Guardian, newspaper, over the allegation.

The action would be on behalf of the union and its south-eastern regional secretary, Mr Sid Staden.

Mr Evans also said branch returns allegedly altered in the south-eastern region were to be examined by Mr John Garnett, director of the Industrial Society, because there was an urgent need to clear the region's "good name."

Mr Wright lost the election by 45,000 voted to left-winger Mr Ron Todd. The union has upheld a complaint at a public service branch in Bristol, which led to the disciplining of three officers. It rejected a complaint from members at a bus garage in Cricklewood, north London, and another from an agricultural worker in Kent.

Since then there have been complaints in Bristol from two lorry drivers; concern over record turnouts at the election of more than 70 per cent in Northern Ireland; and a complaint by workers at a Merseyside oil products company that they were not allowed to vote.

# Interest free loan plan to aid syndicate

MEMBERS of a Lloyd's insurance syndicate managed by interests of Willis Faber, the large insurance broker, could receive an interest-free loan to help them pay insurance losses of around £20m.

Proposals are being sent out by Willis Faber and its underwriting agent Spicer & White to 250 underwriting members, who have invested in an insurance syndicate under Spicer & White's management. The syndicate, number 895 in the Lloyd's market, has faced mounting losses and allegations of negligence have been made against the agency by syndicate members.

The loan is to be open-ended and determined by the size of the losses. Since underwriting members have paid £10m in claims the agent hopes that a loan of £10m will be sufficient. The size of the loan facility could depend on whether insurance claims continue to fall on the Syndicate.

The arrangements are being discussed with an unnamed bank. Any loan offered will be repayable by underwriting members in return for agreements not to commence litigation for the period of the loan.

Merrett Syndicates, one of the largest underwriting agents in the Lloyd's insurance market, yesterday revealed that 2,500 underwriting members of Lloyd's face losses of nearly £23m. The losses will have to be met by the members, whose affairs are looked after by the Merrett organisation.

☐ MONEY SUPPLY, as measured by sterling M3, rose by 1 per cent in March, according to Bank of England statistics released yesterday.

This took its annual growth rate since the start of the Government's 1984/85 target period to 9.9 per cent, at the top of the 6 to 10 per cent range set by the Treasury. It was above the 5 to 9 per cent range set for 1985/86.

The strong growth of sterling M3, largely due to buoyant demand for bank credit, is one of the key reasons for the Government's caution over allowing interest rates to fall rapidly.

☐ INDICATORS of activity in the economy one-year ahead fell for the third successive month in March, but Government statistics remain uncertain whether it forshadows a peak in the present recovery in early 1986.

The Central Statistical Office said yesterday that its longer leading indicator fell to a provisional 103.4 in March (Jan 1980 = 100) from 104.9 in February and compared with a high of 107.0 in December of last year.

## Computer software

In our report yesterday of a High Court action by five manufacturers of computer software, we reported Mr Thomas Beazley, for the companies, as saying that computer software did not have copyright protection.

Mr Beazley's exact words were that, unlike the products of the record and video industries, computer software "does not enjoy the certainty of protection of the law of copyright."

There is a strong belief in the industry that software is protected, although there has not yet been a conclusive court ruling to that effect.

A bill designed to give protection – the Copyright (Computer Software) Amendment Bill – is due for a third reading in Parliament today.

# Sales of small TVs in Britain soar by 30%

BY JASON CRISP

BRITAIN has the world's strongest market for small colour televisions. Sales of small TVs soared by 30 per cent to 1.56m last year while demand for large screeo televisions declined, according to the British Radio and Electronic Equipment Manufacturers Associatioo (Brema).

Mr Byron Davies, chairman of Brema's economic and statistics committee, said that last year Britain had the highest per capita demand for small colour TVs of any large country.

Two years ago the UK could boast it had the world's strongest market for video recorders, but it has now become the first to show a decline.

The latest Brema figures confirm the collapse of the VCR market with sales in 1984 of 1.55m units, against a peak of almost 2.2m the previous year.

The strong demand for small TVs – with screens of up to 16in (40.6cm) – reflects the growing number of homes buying second sets.

They are typically bought for the kitchen or bedroom or for children, particularly with home computers or video recorders. Demand has also been boosted by falling prices for small colour TVs.

Sales of large-screen colour TVs fell from 2.1m in 1983 to 1.96m last year. This was because nearly 90 per cent of homes have o colour television and the number of first-time owners has been declining aharply over recent years.

In addition, the replacement market fell for the first time last year which reflects the low sales in the mid 1970s and the increasing reliability of TVs.

There was also a small decline in sales of sets with teletext, the broadcast information service, following the removal of capital allowances for the rental industry. There are, however, nearly 2.5m homes with teletext in Britain, far more than any other country.

The rapid trend from large to small TVs has boosted imports since most British television plants only make the larger models.

But Lord Thorneycroft, president of Brema, said yesterday: "It is encouraging to note we exported over 250,000 video recorders worth about £70m and 420,000 colour TVs worth nearly £100m, both records for the industry."

# Borrowing overshoot blamed on pit strike

By Philip Stephens

BRITAIN'S public sector borrowing totalled a provisional £10.1bn in the 1984/85 financial year which ended in March, £400m less than the Treasury's forecast in last month's budget, but nearly £3bn higher than its original target.

It was being made clear in Whitehall yesterday that the overshoot was due almost entirely to the miners' strike, which added about £2.75bn to borrowing last year.

Announcement of the figures drew a favourable response in tha City of London which had been expecting an outturn of closer to £10.5bn, and it contributed to strong gains for the gilt-edged market.

Officials emphasised that the total is still subject to revision, but was below the budget estimate because of o shortfall in projected spending by central government and lower-than-expected outlays by the National Coal Board after the strike ended.

As a percentage of national output (gross domestic product) the public sector borrowing requirement was 3.1 per cent, down from 3.2 per cent in the previous financial year. For 1985/86 the Treasury has set e target of £7bn or only 2 per cent of GDP.

# Code for a square deal in the Square Mile

**Martin Dickson** examines changes in the City of London's disciplinary framework governing takeovers

IF A marketing man were trying to sell the new City of London takeover code he might describe it in terms more commonly applied to washing powders: cleaner, crisper and offering a squarer deal both to companies involved in a bid battle and to small shareholders – the pro-

The main losers from the repackaged code, published today by the Panel on Take-overs and Mergers, are likely to be arbitrageurs – speculators who buy stakes in takeover target companies in the hope of making a killing when an offer is increased – and predator companies trying some of the more complex and particularly aggressive bid tactics.

The new document makes several substantive changes to the speed at which one company can build up o stake in another, and to detailed practice by both sides during a takeover bettle.

It also fleshes out guidance on other areas, such as the formula to be applied when making offers for investment trusts, and cases where o mandatory offer for o company is triggered by the exercise of conversion rights over shares or by the increasingly popular practice of companies buying in their own shares.

The central purpose of the document is, however, much simpler than all this. It is to make the takeover code more readily comprehensible – a job which many critics would say is long overdue.

The takeover code was introduced in 1968 as a City self-defence mechanism against the Labour Government, which was threatening legislation unless the Square Mile cleaned up the conduct of bid battles. In the years since it has had to be a highly adaptive document, changing to deal with the new tactics employed by companies' ever ingenious merchant bank advisers.

The result has been e remarkably cumbersome accretion of general principles, rules, detailed practice notes and amendments which, in the words of one analyst, "makes comprehending what is allowed, and what is not, about as straightforward as deciphering the Dead Sea scrolls."

The new code is designed to change that.

First, it brings together in one place all the rules and notes covering a particular issue. Second, the new document – presented between smart blue and gold plastic covers – is in o loose-leaf form, not bound as before, so the inevitable amendments can be slipped easily into the body of the work.

The basic framework governing takeover battles is unaltered, but the panel has used the opportunity given by re-publication to tidy elements of the code which practice showed to be impractible, inequitable or heavy handed. Major changes include:

● The building up of share stakes in companies. The panel introduced e set of "substantial acquisitioo of shares" rules in 1980 following coocern over "dawn raids," in which brokers for o bidding company would stand in the market and rapidly build up a large stake in the target.

At that time the panel put a brake oo the acquisitioo of more shares after 15 per cent of the target company had been reached. The maximum permitted additional acquisition in any seven-day period was 5 per cent of voting shares.

Under the new code this stipulation is being relaxed, to allow the acquisition of up to 10 per cent in any week – subject to the long-standing maximum stake of 29.9 per cent, after which a full bid is automatically triggered.

Gone too is a rule, introduced at the same time, which prevented a bidder from saying, until after the first closing date of his offer, that that offer was final. This had been widely criticised for preventing what can be one of the most important and market-sensitive elements of e takeover, the early knowledge that the bidding company is not prepared to pay more.

● Share acquisitions after a bid has been announced. In 1982 the panel introduced a new set of rules, Nos 40 to 42, designed to slow down the speed at which control of o company changed hands. This followed a number of cases in which boards argued that they lost cootrol before they had time to acquaint shareholders with the company's true position.

The panel has comprehensively reviewed rules 40 to 42 following recognition thot some of the measures introduced then were rather an over-reactioo with market distorting consequences.

It has scraped e provision that the predator company cannot acquire further shares in the target for seven days after announcing its bid.

The practical effect of this rule was to allow arbitrageurs to build up a stake in the target – often selling the shares on at a handsome profit to the bidder on the eighth day – or to allow o potential rival bidder a week's free run in the market.

It also discouraged companies from making an early announcement of an intention to bid, which allowed a more favourable climate for insider trading.

● There are two particularly important changes dealing with conduct during a takeover. They concern bidding companies "putting the frighteners" on investors in target companies and stampeding them – particularly small investors – into accepting an offer.

First the panel has banned "shut offs" – the opportunity for a bidding company to close its main or alternative offers earlier than the normal timetable would allow.

The rules state that "after an offer has become or is declared unconditional as to acceptances, the offer must remain open for acceptances for not less than 14 days after the date oo which it would otherwise bove expired."

Shut-offs are still, however, allowed io one case – when the value of e cash alternative underwritten by a third party – such as a merchant bank – is more than half the maximum value of the offer.

This concessioo remains because the panel found that its eliminatioo was likely to mean a substantial reduction io underwriters' ability to take on cash alternatives.

A second important change in conduct covers a bidder's ability to extend or increase an offer, or re-introduce alternative offers.

Uotil now e bidding company has been able to say that its offer is fioal or will not be extended, but then change this under various circumstances, including getting the recommendatioo of the target company'a board for a higher offer.

The panel has ruled that "neither extensions nor revisions will be permitted unless the right to set them aside has been specifically and prominently reserved in the original (offer) documeot; permission will oot be granted simply oo the grounds of a recommendatioo by the offeree board."

The new code also insists that when companies make forecasts of their performance during a bid battle they include estimates of taxation, extraordinary items and mioority interests where these are expected to be significant. Under the old code there was only an exhortation to do this.

Another oew rule covers cases where companies bidding in paper buy their own shares, thus pumping up the price and the value of their offer for the target, and then go into the market to pick up shares in the target company.

The new rule imposes a 24-hour freeze on the bidder, saying that it cannot purchase shares in the target until 9.30am on the business day following the day oo which the purchase of its own shares is disclosed.

There are also expanded rules covering the sale by a bidder of shares io the target company.

A bidder may not sell any securities in the target company without the prior consent of the panel and after 24 hours public notice. Sales below the value of the offer will not be permitted, and after a bidder announces that it might sell shares it cannot make further purchases or raise its offer – except io exceptional circumstances.

This rule is an explicit statement of the policy the panel followed earlier this year when Dee Corporation – whose bid for Booker McConnell closes today – wanted to reserve the right to sell Booker shares.

● The scrapping of Rule 37. This rule, included when the code was first formulated, laid down that "a persoo with a significant commercial ioterest in the outcome of an offer should not, without the consent of the panel, deal in the shares of an offeror or the offeree company during an offer period."

Although sweeping in theoretical scope, this rule presented the panel with severe practical problems because of the difficulty of defining what was a commercial interest in a bid's outcome.

As o result it was ioterpreted very narrowly, for example covering cases where a third party had a significant trading arrangement with a company facing a bid. Given this discrepancy between theory and practice, the panel bas decided to abandoo the rule, with control of such dealings now subject to the normal restrictions applying to anyooe under the code.




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# UK NEWS

## Hitachi workers take 5% pay offer in non-negotiable deal

BY PHILIP BASSETT, LABOUR CORRESPONDENT

HITACHI has agreed a 5 per cent pay deal for 800 employees at its South Wales television factory in a deal which saw no negotiations. In this first UK example of a radical form of pay bargaining the management accepted the increase well after the unions had done so.

The company last year reached a single-union, no-strike agreement at its Hirwaun plant in Wales with the electricians' union, EEPTU. The deal provoked controversy because it stripped bargaining rights from six other unions and only last week the Trades Union Congress gave a qualified ruling on the inter-union dispute in the electricians' favour.

Under the terms of the deal, the company set up a 17-man company membership board, dominated in number by trade union members, which began in early February considering a wages and conditions package for the company's due pay settlement date of April 1.

The company presented the board with information on its performance and forecasts for next year, on its budget proposals for this year and next, on rates of pay in other companies for the work covered, on present and forecast retail price movements and on local wage rates.

After three lengthy meetings during which there was no voting – votes are not allowed on the board – and no private meetings of union or management representatives, which are also banned, the board recommended an offer of 5 per cent.

Within two days, the union side in the factory, which exists independently from the company members' board, had accepted the offer, but it was only yesterday, more than two weeks later, that the company felt able to agree to the offer it was itself making.

Mr Tony Pegge, Hitachi's personnel executive, who is also chairman of the members' board, yesterday praised the fact that the conclusion to the company's wages deal had been reached without any negotiation, and for the first time in the 30-year history of the company, without the offer being put to a mass meeting of the employees, who had been kept informed throughout all the stages of the wages discussion.

He said the deal had been reached without a whisper of threatened industrial action, and contrasted it sharply with wage negotiations in the company four years ago, when a strike was threatened over a pay offer of 21.5 per cent.

## U.S. groups move to protect N. Sea work

BY FINANCIAL TIMES REPORTER

U.S.-OWNED offshore supply companies in Britain are taking strong, behind-the-scenes steps to try to ensure that they will be classified in effect as British for the purpose of Government monitoring of North Sea contracts.

The moves follow the award of £13m of conceptual design work on Shell-Esso's Gannet-Kittiwake fields, almost all of which went to British-owned companies.

There is a strong belief among the dominant, U.S.-owned companies, such as Bechtel and Foster Wheeler, that Shell wanted on commercial grounds to select different contractors from those which appeared on the final list.

Mr Raymond Curtis, newly appointed vice-president in charge of McDermott Engineering London, the UK arm of the U.S. engineering company which controls the McDermott offshore construction yard at Ardersier in Scotland, said yesterday that he believed the contracts had been awarded on a commercial basis. McDermott was one of the unsuccessful bidders.

U.S. companies are particularly anxious to protect their position in the UK sector of the North Sea, which looks like being the most vigorous market in the offshore world in the next few years. McDermott said it was "committed to anchoring North Sea technology in the UK and to exporting it as being wholly British."

## Consultancy appointed by Marks & Spencer

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MARKS & SPENCER, the retail stores group, has appointed Valin Pollen the public relations consultancy to improve its image in the City of London.

The move follows several weeks of negotiations with public relations consultants and is the first time Marks has sought outside financial public relations advice.

The decision to appoint Valin Pollen reflects considerable changes within the company under its new chairman, Lord Rayner, and concern that the City does not fully understand what the changes represent.

Valin Pollen will concentrate initially on investor relations. Marks & Spencer will continue to rely on its large in-house public relations department to provide most of its press relations.

Asda, the food retailer which earlier this week took over the MFI chain in Britain's biggest ever retail merger, yesterday appointed the Charles Barker consultancy to handle public relations for part of its business.

## Dock protest action

BY STUART JEFFRIES

INDUSTRIAL workers at the Devonport Royal Naval Dockyard, threatened with 2,000 redundancies because of a Government short-term efficiency drive, walked out yesterday in protest at the proposals.

Shift workers worked only half days but some men on safety and other essential duty stayed at work.

A union official at the yard in Plymouth in south-west England, warned that the walkout was only the beginning of action against the Government's plan.

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# MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Industrial organisation

## 'Quality' in working life grows slowly

BY BRIAN GROOM

THE PATTERN of industrial work for the 20th century was initially set by Frederick W. Taylor, the American engineer who just before the 1914-18 war founded the "scientific" school of management. Jobs were broken down into simple repetitive tasks, determined by managers, requiring people to work like machines with little say over how their job was done.

For decades the technical and economic efficiency of this system went largely unchallenged. But over the past 30 years a countervailing theory has grown, which holds that improving the job satisfaction and commitment of workers is a better route to efficiency in a quality-conscious age.

The theory is still growing—rapidly in the U.S.—but probably far from dominant. Yves Delamotte and Shin-ichi Takezawa, in a recent study* for the International Labour Office, said new forms of work organisation were found in all industrialised and some developing countries, but they covered "a very small proportion of industrial workers except perhaps in Sweden."

This quality of working life (QWL) movement developed common features, such as job rotation, by which workers alternate between tasks to avoid boredom; job enlargement, in which new tasks like maintenance are incorporated into existing jobs; job enrichment, which gives workers responsibility for things like planning, work assignment and quality control; and semi-autonomous work groups, which share responsibilities.

Latterly the emphasis has shifted from specific prescriptions to encouraging a continuous process of change, according to the Work Research Unit at Britain's Department of Employment. There is more concentration on changes in attitudes at supervisory and managerial level, and on involving workers in determining the various ways their work can be organised.

The most important developments in QWL were probably at London's Tavistock Institute for Human Relations in the 1950s. Its work in the English coal mines suggested new organisational possibilities, such as group working. While this had little immediate practical influence in the UK, it was taken up more enthusiastically in Norway and by the late 1960s was attracting increased interest in most countries.

Experimenters have included General Foods, General Electric, and Procter and Gamble in the U.S., ICI in the UK, Renault in France, Fiat and Olivetti in Italy, Volvo and Saab-Scania in Sweden, and Mitsubishi, Fuji and Honda in Japan.

Social protests against boring assembly work gave the QWL movement some impetus in the late 1960s, along with the high labour turnover and absenteeism which some countries like Sweden were seeing with full employment. The protests faded in the 1970s, but interest among European employers' organisations sustained QWL, along with the establishment of state agencies to encourage it in West Germany, the Netherlands, France, Belgium and the UK.

The idea receded in the U.S., but came back with a bang later in the decade in response to Japanese competition. Japan's standards of employee involvement, particularly its quality circles—based originally on U.S. and British research—were seen as part of its success.

Richard Walton, Professor of Business Administration at the Harvard Business School, writes in the March-April issue of Harvard Business Review: "In 1970 only a few plants in the U.S. were systematically revising their approach to the workforce. By 1975 hundreds of plants were involved. Today I estimate that at least a thousand plants are in the process of making a comprehensive change and that many times that number are somewhere in the transitional stage."

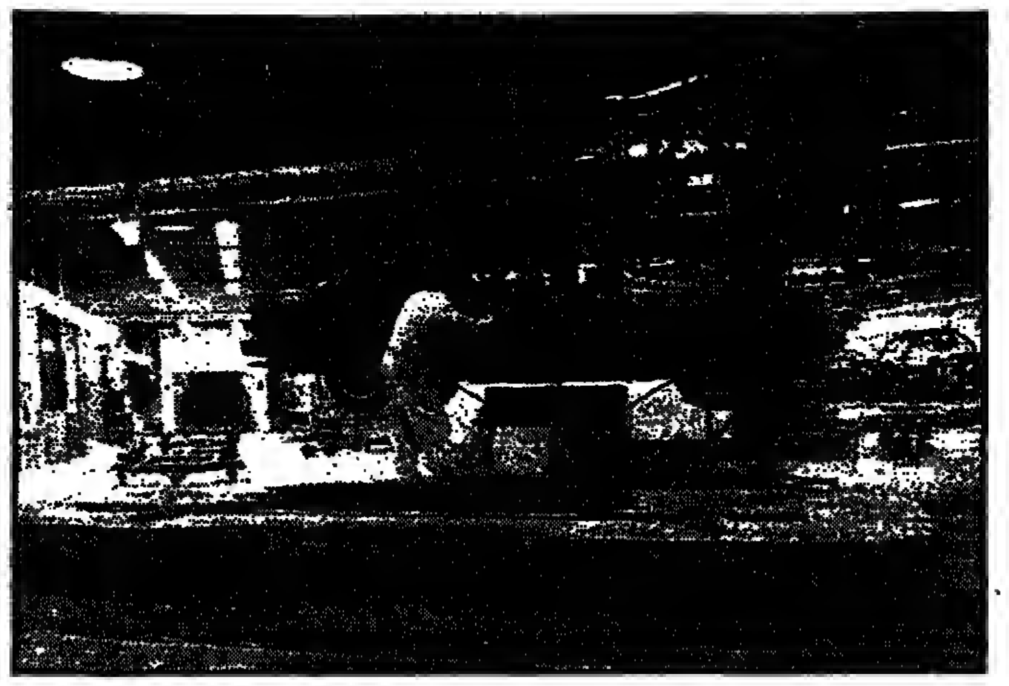
Japan remains an enigma. Recently, a team of senior production managers from Britain visiting the country was horrified by the fast working tempo and short, repetitive tasks, but there are offsetting factors — quality circles, job security for the long-term employees of big companies, group working, multi-skilling and job enlargement and rotation, and the philosophy which regards core workers as "company members" rather than employees.

Some companies remain wary. The issue forms part of a continuing management debate about whether people hate work and need to be forced or bribed to do it, or whether given the right encouragement they find it natural.

Managers who adhere to the latter view don't always practise it. One survey among U.S. business managers found that 75 per cent considered themselves participative, but only 20 per cent of their subordinates shared that view.

Unions fear companies will use new technology to de-skill workers rather than improve their job satisfaction. Says Roy Grantham, general secretary of the British white-collar union Apex: "Systems analysts at IBM analysed secretarial work when word processors were introduced. They split the work into three jobs, personal assistants, WP operators and filing-cum-tea staff. The last job was so boring that staff would not do it well. It had to be re-integrated into the WP operators' work."

*"Quality of Working Life in International Perspective," ILO Publications CH-1211, Geneva 22, Switzerland.



Individual "carriers" form Volvo's production line

### The Volvo experiment ten years on

VOLVO'S Kalmar works in south-east Sweden has been a flagship for the quality of working life movement since it opened in 1974. For the first time since Henry Ford devised the classical production line, a car plant was designed without a moving line for final assembly.

Separate, battery-powered carriers which can be moved independently allowed assembly to be done on stationary bodies. New forms of organisation, built around group working, job rotation and devolved responsibilities, were aimed at improving job satisfaction and commitment.

Enthusiasts beat a path to this and other Swedish Meccas. But more recently, Press articles and rumour have built a largely unfair impression of Volvo's initiatives as a flop. One observer calls this "the Volvo canard—a dead duck that's very much alive and kicking."

"There are so many myths," says Berth Jonsson, the company's vice-president for organisational development. "Industrialists who say it doesn't work know very little about it. They don't want it to work, because if they face a demand for change themselves they won't know how to handle it."

The progress of QWL at Volvo has been far from problem-free. But the company, which doubled pre-tax profits to SKr 7.63bn ($840m) last year, believes its people-centred approach to production has helped improve quality and productivity.

Kalmar's production time per car fell by 40 per cent between 1977 and 1983, quality defects have been cut by 39 per cent since 1978, and uptime has increased from 96 to 99 per cent since 1976. Since 1977 its turnover of total materials inventories has increased from nine times annually to 21 times, freeing working capital of more than SKr 6m a year.

Volvo has not overcome the dissatisfaction with assembly jobs felt by workers across the industrial world, but its employees like teamwork and there have been some notable successes—such as a quality drive which gave greater responsibility to the work teams, and the decentralisation of some financial autonomy to small "profit centres" within the factory.

The company is so confident that it has chosen the right path that it has introduced similar, and in some cases more advanced, forms of work organisation or production technology at other Volvo factories such as Skovde (engines), Olofstrom (press shop), Umea (truck cabs), Tuve (trucks), Vara (marine engines), and the body shop at the main Torslanda car plant.

Volvo's ideas were developed in the 1960s against a background of high absenteeism, personnel turnover, and recruiting difficulties in the motor industry, along with public resentment against the traditional assembly system of short, sharply separated tasks done at a single work station.

#### Individual

Tentative experiments with new organisational forms were made at Torslanda, but it was the opening of Kalmar which marked the real departure.

Assembly workers are organised into 30 teams of 15-20 members, with their own tasks such as assembling the heating or electrical systems, and their own section of the building.

At its simplest, workers do individual tasks like those in a conventional plant. The more ambitious teams have two workers following a car along several work stations, doing assembly tasks totalling 25-30 minutes compared with the average three-minute cycle in a conventional plant, swapping sides with each other and at some point switching jobs with others doing pre-assembly work on components.

Does it work? An external management-union team which studied its first 10 years recently concluded that Kalmar was successful technologically, socially and financially.

Its detailed report paints a more complex picture. There had been setbacks as well as successes.

Some of the original Kalmar ideas have not worked out. For instance, it began with two basic patterns: straight line assembly, in which workers follow a car along four or five work stations; and dock assembly, in which a car was guided into an assembly bay while the team carried out all its tasks.

The latter one was abandoned, partly because it disturbed the production flow when teams failed to complete their work on time. Workers also felt uncertain about where they were in the work cycle, and how much time remained for the allotted tasks.

Serious problems occurred in 1979 when 120 new employees were recruited because of an upturn in production. The atmosphere changed to such an extent that older workers began to dislike their work, newly hired ones were slow to learn, and absenteeism and labour turnover rose.

Volvo dealt with it by interviewing absentees, establishing a reserve pool of workers to cover gaps, and introducing "godfathers"—older workers assigned to help new employees during their first few weeks.

Labour turnover was cut from nearly 25 per cent in 1979 to 5 per cent in 1983, but much of the improvement may have been caused by changing economic conditions. Absenteeism remains high by international standards at 23-24 per cent, though sickness is only about 10 per cent of this, and the rest accounted for by training, military service and Sweden's generous provisions for things like parental leave.

A workforce survey found that though assembly workers favoured teamwork and job rotation, they still felt that assembly work gives too little room for initiative and personal growth, and that opportunities to train for other jobs were meagre. Office staff also wanted more training, especially in data processing.

The good things appear to have outweighed the bad, however. Though Kalmar was more expensive to build than conventional plants, uses more electricity, and takes longer to train new workers, there are offsetting benefits such as fewer supervisors and ease of altering production arrangements.

By 1981 it had offset the extra investment cost and exceeded productivity targets by 20 per cent. It has the lowest car assembly costs of all Volvo's plants, with man-hours per car 25 per cent below the 20-year-old Torslanda.

Among the successes has been the provision of business information to employees, linked with decentralisation of some financial autonomy to "profit centres" comprising the two or three work teams in each foreman's area. These have financial targets and goals for quality, production volume, materials, and personnel matters like training.

An aggressive attack on quality problems, begun in 1977, has borne fruit. Its elements include better checking of suppliers' materials, devolution of quality and adjustment responsibilities to the work teams, and a result-based plant pay bonus in which quality forms a large part.

Volvo is committed to its chosen path. Plants and workers are at different stages of development in a three-step process: extending work cycles, adding tasks like material handling / inspection, quality inspection, rectification, retooling and maintenance, and finally taking responsibility for things like production planning and technical development of the equipment. Some teams elect and rotate their leaders, and at some plants, like Vara, the teams take part in selection of recruits.

The company believes its initiatives have helped achieve productivity improvements of 6 to 7 per cent, and sometimes higher, in recent years. Since 1979 it has aimed at bettering West German companies' productivity growth by 2 per cent a year.

#### Manpower

Jonsson claims Volvo has been achieving that and closing a productivity gap with Mercedes, one of its main competitors. But he concedes that it still lags behind the Japanese in manpower efficiency.

Alden Lank of Geneva's International Management Institute, who recently surveyed Volvo's plants, said there were false starts, errors, failures, and, periodically, brilliant breakthroughs. "The good news is that the will continues to exist to persevere, because there is a broadly shared conviction that the company's competitive survival is at stake."

# TECHNOLOGY

EDITED BY ALAN CANE

## Lloyd's insurance market plugs into computer age

BY ALASTAIR GUILD

THE LONDON insurance market is in the throes of a revolution, a computer-driven one.

Lloyd's, the Institute of London Underwriters (ILU) and the Policy Signing and Accounting Office (PSAC) are well advanced with assessments of how electronic data transfer can best be achieved and how each system can be linked to provide a total network.

Insurance contracts at Lloyd's are negotiated by brokers and underwriters face to face on the floor of the Room. There are about 1m insurance transactions on 300,000 policies each year, resulting in more than 14m accounting entries. A central accounting computer system, based in Chatham, handles the premium and claims accounting. However, the system still relies on the broker submitting documentation to the Lloyd's Policy Signing Office. This normally occurs when he is in a position to pay the premium.

This can be anything between two and 12 months after the placing, during which time the LPSO and underwriters have no idea of the status of the risk and, in particular, the timing and amount of the premium payment and their ultimate risk exposure.

Brokers and others at Lloyd's have made large investments in computer technology. The number of syndicates, for example, with desk top terminals has increased from ten to 100 in less than a year. However, since none of these computer systems talks to another, the only way to transfer information is by paper. The resultant waste and duplication of effort in document production and distribution is something Lloyd's cannot afford, especially as markets in other countries are increasingly competitive.

The Room at Lloyd's and (right) a broker with his finger on the button

So Lloyd's brokers want a network so that their computers can communicate directly with their markets — the ILU, PSAC and Lloyd's. Lloyd's intends to connect to the broker network and create its own network to connect the LPSO with underwriters' box and office systems, and other corporation departments. As far as possible, existing investment in computer technology made by individual community members will be preserved.

The first phase of the Lloyd's network will be in place by autumn 1986, while Lloyd's moves into its new City offices in spring next year.

The main objective of the future systems approach is to establish and maintain "risk histories" for every slip placed wholly or partially in the Lloyd's market. At present bulk data capture is undertaken by the Corporation at the time of accounting, but in future it is proposed to initiate the slip history at the time of placing, by electronic transfer of slip details from brokers' systems to a common store.

Data held in common store would be made available to underwriters to provide a direct input to their own computer systems. It is expected also that underwriters will want to link in with some of Lloyd's 500 agents around the world. Eventually, the network could link in with various American loss adjustors — such as Toplis and Harding, bought last year by Lloyd's — to speed up settlement of claims in the U.S.

The ILU has already started on the revamp of its network, designed to link member companies, 106 insurance companies, with brokers and its central settlement mainframe at Folkstone.

ILU processes most non-Lloyd's marine and aviation business. At present, information from brokers is presented to ILU in paper form, that is then formated at Kolkstone and sent out to members companies, again in paper form. When the new ILU network is installed, brokers will transmit information electronically, using standard formats.

The ILU, which will act on behalf of member companies in checking the progress of risks, proposes that the placing of the risk and subsequent transactions will be recorded on the network, then it can advise companies much sooner on, for example, the percentage of risk carried by a member company.

Agreement has not yet been reached on how such information should be formated.



### The pros and cons of robots

INDUSTRIALISTS grappling with the pros and cons of using robots for assembly should find a new book from Tony Owen useful.

Owen runs an automation consultancy in Milton Keynes and is a lecturer in manufacturing systems at the Open University.

At a recent London conference Owen posed a question that many ivory-towered researchers in this area have studiously avoided, publicly, at any rate: "Why should we bother with the hassle and cost of automating an assembly task when we have a large pool (3m plus) of potential manual assemblers who could be employed to perform these tasks?"

The answer, boiled down—but elaborated in the book—is that the robots are already very good at it and as time goes on they will get even better.

*Assembly with Robots by Tony Owen. Published by Kogan Page. £14.95.*

## French connection in the blood business

BY DAVID MARSH IN PARIS

INSTITUT MERIEUX, the French medical group 50.2 per cent-owned by chemicals company Rhone Poulenc, starts off a key part of its production processes in the maternity ward.

About 15 tonnes a day of human placenta from 5,000 hospitals in 30 countries are processed into valuable disease-fighting blood derivatives in a fractionating centre at the sprawling Merieux plant at Marcy-l'Etoile, on the outskirts of Lyons.

With an input estimated for this year at 3,300 tonnes of placenta from 5.5m births, Merieux's blood derivatives business is easily the world's biggest user of after-births.

The Institute was set up in 1897 by Marcel Merieux, a former pupil of Louis Pasteur (and the grandfather of the group's present chairman, Alain Merieux). The company recognised as early as 1955 that protein-rich placental blood was the ideal raw material for producing albumin, gamma-globulins and other medically useful derivatives.

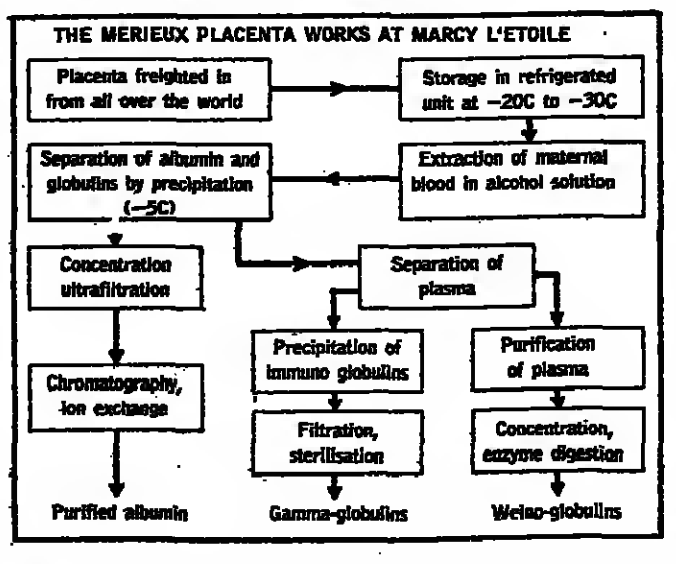
Blood derivatives along with Merieux's best-known product line, human vaccines, make up about half the group's turnover of nearly FFr 2bn, with the rest representing its veterinary medicine activities.

The company is a little coy about saying how much it pays for the frozen placenta transported internationally to its refrigerated laboratories, where the blood is stored at between −20C and −30C.

The main source of placenta which Merieux says would otherwise be thrown away—is the U.S., with about 400 tonnes (670,000 births) expected to reach the fractionating centre this year. France is in second place with 350 tonnes followed by the UK with 300 tonnes, the Soviet Union and West Germany.

The production line breaks down the placental blood through a complex series of steps including precipitation, centrifuge filtration, absorbtion and ion-exchange chromatography. This is followed by purification and detailed controls.

The main annual product is 15 tonnes of albumin, which is used particularly for treating shock cases, making up protein insufficiency and in combating oedema (when serous fluids build up in tissue). The albumin product is exported to more than 100 countries.




The fractionating process also gives rise to 2 tonnes a year of polyvalent gamma-globulins used to treat or prevent viral and bacterial diseases. The gamma-globulins — one of the other main constituents of blood plasma apart from proteins—carry anti-bodies providing organisms with specific or general immunity.

The process is carried out in a sterile environment on the scale of a giant chemistry laboratory using 17,000 litres of alcohol a day and 40,000 litres of distilled water for the various separation stages.

The use of frozen placental blood allied with strict controls gives greater guarantees against contamination than the commonly-used methods of obtaining blood derivatives in the U.S. from plasma from transfusion centres.

Propagation of Acquired Immune Deficiency Syndrome (AIDS) in the U.S. has been linked to supplies of contaminated plasma, perhaps originating from countries in central Africa and the Caribbean where AIDS is endemic.

Merieux does, however, make use of some plasma supplies in its blood derivatives production. It makes specific anti-rabies gamma-globulin from the blood of donors inoculated with anti-rabies vaccine and also produces from plasma the Factor VIII coagulation-promoter used to combat haemophilia.

Exactly 100 years after Louis Pasteur carried out the first anti-rabies vaccination, the Merieux Institue is also pioneering anew process.

Merieux hopes the new polio vaccine, based on the 30-year-old inactive-virus injectable Salk vaccine (where the virus is cultivated using monkey cells) will prove much cheaper to use particularly in Third World countries where the disease is still a serious problem.

Alain Merieux, who has followed in the footsteps of his father Charles (still the president of honour) in running the company, underlines his debt to the apes by displaying a large photograph of a chimpanzee behind his desk.

## A closer eye on the patient

BY PETER MARSH

MEDICAL STAFF may be able to keep a closer watch on patients with the aid of a novel type of monitoring unit under development at Kontron, a Swiss hospital-equipment manufacturer with a British base in Watford.

The company, owned by Hoffman La Roche, is working on a new form of hardware that combines readings from several sensors monitoring heart rate, blood pressure and body temperature.

With the aid of a set of computerised rules that relate sensor readings with a mass of data obtained from other patients, the machinery would attempt a forecast of specific medical problems the patient is likely to encounter in the hours ahead.

If trials show that the technique is reliable, the machine could warn physicians of approaching crises that may affect patients who are seriously ill. These can include conditions of clinical shock (when parts of the body are prone to sudden shut-down) or heart failure.

Such indicators could be given even on occasions when the readings from the individual sensors give no cause for alarm. The hardware, on which Kontron is working with several British groups of medical researchers, should become available by the end of the year.

The rule-based monitoring system is likely to be sold as a sophisticated feature added to a conventional patient-monitoring unit which costs £3,000 to £7,000. Among Kontron's commercial rivals in such systems are Hewlett-Packard and Siemens.

In other research, Kontron is working on new forms of sensors that detect small amounts of gases in the blood stream. Blood normally contains both oxygen (carried in the haemoglobin of red-blood cells) and carbon dioxide.

By keeping track on the oxygen released into the skin by small blood vessels called capillaries, doctors can follow the progress of medical disorders (for instance in the lungs) that are holding up the infusion of gas into the blood system.

### News from space

GEC-McMICHAEL, communications equipment specialist of Slough, has developed two movable ground terminals for use with geostationary communications satellites.

One, called Newshawk, will send news pictures and sound from ground to satellite, using the 14.5 to 14.GHz band. It uses a 2 × 1 metre elliptical dish and can be stored in three packages, none more than a metre high. Newshawk is powered by a small portable generator and can be installed on a small truck.

The other system is the GM9050, a transportable two-way terminal, with an elliptical 5.6 × 2.8 metre dish and broadcast quality transmit/receive electronics. It can be carried in a medium-sized lorry or in the hold of a Boeing 747.

# THE ARTS

## Arts Week

| F | S | Su | M | Tu | W | Th |
|---|---|---|---|---|---|---|
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |

## Opera and Ballet

### PARIS

**Ballet of the Paris Opera** presents Romeo and Juliette in Rudolf Nureyev's choreography and production, decors by Ezio Frigerio, with Florence Clerc, Monique Loudieres, Claude de Vulpian, Cyril Atanassoff, Patrice Bart, Patrick Dupond, Jean-Pierre Franchetti, Jean Guizerix, Charles Jude, Jean-Yves Lormeau, Rudolf Nureyev in the main roles. Palais des Congres (758 2253).

**Wuppertal's Tanz Theater** and Pina Bausch, the high priestess of German expressionist ballet, arrive with two programmes: Walzer and Stravinsky's Sacré du Printemps and Café Muller. Théâtre de La Ville (274 2277).

**Wozzeck** alternates with Gluck's Alceste conducted by Michael Schoenwandt, produced by Pier Luigi Pizzi with Shirley Verrett/Helene Garetti in the title role and Barry McCauley in that of Admete. Paris Opera. (742 5750).

### LONDON

**Royal Opera**, Covent Garden: As a tribute for Tippett's 80th birthday, the Royal Opera revives King Priam, in the 1961 production that gave the work its world premiere. Elgar Howarth conducts, Alexander Malta takes the title role, and the cast also includes Kim Begley, Anne Howells, Phyllis Cannan, and Felicity Palmer. Further performances of Lucia di Lammermoor, with Dame Joan Sutherland in her London farewell to her most famous role; and Don Carlos conducted by Bernard Haitink.

**English National Opera**, Coliseum: the new production by Elijah Moshinsky of The Bartered Bride is beautiful to look at and delightful in its updating of the work, but less strong in its casting of principal roles. The Marriage of Figaro, a rather dull production by Jonathan Miller, returns with some newcomers in its cast – Florian Cerny (house debut) and Eilene Hannan as Count and Countess, Cathryn Pope as Susanna.

### BRUSSELS

**Theatre Royale de la Monnaie:** Tristan and Isolde, conducted by Sylvain Cambreling with Spas Wenkoff or James McCray as Tristan and Gwyneth Jones as Isolde. (216 1211).

### NETHERLANDS

**The Netherlands Opera** production of La Belle Helène by Offenbach, directed by Lotfi Mansouri, with decor and costumes by Thierry Bosquet. The cast headed by Leena Kiilunen, Rudolf Ruivenkamp and Tom Haenen, with the Promenade Orchestra and the Opera Choir conducted by Jan Stulen, and dancers from the National Ballet. (Wed) Eindhoven, Stadsschouwburg (11 f122).

**Scheveningen**, Circus Theatre. The Nederlands Dans Theater with Band Stand (Vincent/Basie), Symphony of Psalms (Kylian/Stravinsky), Stamping ground (Kylian/Chaves). (55 88 00).

### VIENNA

**Staatsoper** Don Quixote by Minkus and Nurejev, conducted by Richter; Cerha's Baal conducted by Cerha; Aida conducted by Mund; La Traviata conducted by Soltesz with Gruberova; The Flying Dutchman conducted by Schirmer (5324/2655).

**Volksoper:** A La Mamma; Millocker's Beggar Student conducted by Bibl; Lehar's Das Land des Laechelns conducted by Bibl; Die Entführung aus dem Serail; The Barber of Seville; Britten's Beggar's Opera (5324/2655).

### NEW YORK

**American Ballet Theatre** (Metropolitan Opera House): Mikhail Baryshnikov and company open an eight-week New York season with Sir Kenneth MacMillan's Romeo and Juliet, starring Patrick Bissell and Susan Jaffee. Season ends June 15. Lincoln Center (362 6000).

## Music

### LONDON

**English Chamber Orchestra and Tallis Chamber Choir** conducted by Yehudi Menuhin. Bach. Barbican Hall (638 8891) (Mon).

**Philharmonia Orchestra** conducted by Giuseppe Sinopoli with Salvatore Accardo, violin. Ravel, Scriabin, Saint-Saens. Royal Festival Hall (Mon). (928 3191).

**Handel Tercentenary Tribute** with Wendy Eathorne, soprano, Kenneth Bowen, tenor and other soloists. Arias, duets and choruses. Purcell Room (Tue). (928 3191).

**Royal Philharmonic Orchestra** conducted by Sir Charles Groves with John Williams, guitar. Smetana, Rodrigo, Berlioz and Vaughan Williams. Royal Festival Hall (Tue).

**Scottish National Orchestra** conducted by Neeme Jarvi, with Birgit Finnila, mezzo soprano. Haydn, Dvorak and Beethoven (Tue). Barbican Hall.

**La Grande Ecurie et la Chambre du Roy** conducted by Jean Claude Malgoire. Bach and Handel. Barbican Hall (Wed 1pm).

**English Chamber Orchestra and Tallis Chamber Choir** conducted by Yehudi Menuhin with soloists including Martyn Hill, tenor and John Shirley-Quirk, bass. Bach B Minor Mass. Barbican Hall (Wed).

**London Mozart Players** conducted by Tamas Vasary, piano. Mozart. Royal Festival Hall (Wed).

### BRUSSELS

**Palais des Beaux Arts** (512 40 55): Belgian National Orchestra conducted by Mendi Rodan with Mistislav Rostropovitch, cello. Berlioz, Schumann, Dvorak (Wed).

### PARIS

**Pierre Amoyal**, violin, Florence Millet, piano: Schumann, (8.30pm), Lucia Popp, Soprano, Irwin Gage, piano: Schubert, Schoenberg, Strauss (8.30pm) both Monday TMP-Chatelet (261 1983).

**Daniel Barenboim**, piano: Beethoven Sonatas (Mon). Salle Pleyel (561 0630).

**Renato Bruson** recital, Craig Sheppard, piano: Gluck, Mozart, Beethoven, Ravel (Mon). Theatre de l'Athenee (742 67 27).

**Ensemble Orchestral de Paris** conducted by Alain Louvior, Jean-Pierre Wallez, violin, Claude Hellfer, piano with Maxime le Forestier: Louvier, Janacek, Nikiprowetzki, Stravinsky (Mon). Theatre du Rond Point (256 70 80).

### NEW YORK

**New York Philharmonic** (Avery Fisher): conductor, Raymond Leppard; soprano, Cynthia Clarey; violinist, Carol Webb: All-Handel programme (Tue); conductor, Zubin Mehta; violinist, Ida Haendel: Karel Husa: Concerto for Orchestra (world premiere), Dvorak, Sibelius (Thur). Lincoln Center (874 2424).

**Meet the Moderns** (Brooklyn Academy of Music). Brooklyn Philharmonic. Conductor, Lukas Foss: Robert Mann, William Bolcom, William Mayer; Center for Contemporary Opera Production: conductor, Richard Marshall: Robin Holloway, Robert Dick, James Sellars, Peter Golub (Thur). 30 Lafayette Av. (718 636 4120).

**Carnegie Hall**, Alfred Brendel piano recital: Haydn, Schubert, Mozart, Beethoven (Tue); Mainz Chamber Orchestra: conductor Gunter Kehr; pianist, Nina Tichman; Boccherini, Mozart, Bartok, Haydn (Wed). (247 7459).

**Mozartean Players** (Metropolitan Museum of Art): pianist, Steven Lubin: All-Mozart programme (Thur). (570 3949).

### WASHINGTON

**National Symphony** (Concert Hall): conductor, Christopher Hogwood; Vivaldi, Handel, Stravinsky, Martinu (Mon, Tue); conductor, Hugh Wolff: violinist, Pinchas Zukerman: Brahms, Bruch, Bartok (Thur). Kennedy Center (254 3776).

### CHICAGO

**Chicago Symphony** (Orchestra Hall): conductor, Sir Georg Solti; with the Chicago Symphony Chorus, All-Verdi programme (Thur). (435 8122).

### NETHERLANDS

**Amsterdam Handel Festival.** Mon: Lynda Russell and Christopher Royal, Handel in Italy: Engelse Kerk (Begijnhof 48); Tue: Suites for harpsichord performed by Gillian Weir, Waalse Kerk (Walenpleintje, Oude Zijds Achterburgwal); Wed: The Academy of the Begijnhof, Handel in England, Odeon Theatre (Singel 460). (229 011).

**Amsterdam**, Concertgebouw. The Amsterdam Philharmonic conducted by Ken-Ichiro Kobayashi, with Jeremy Menuhin, piano. Beethoven (Mon). Herbert von Karajan with the Berlin Philharmonic. Brahms (Tue); Recital Hall: Wout Oosterkamp, bass-baritone, Schumann, Heppener, Britten (Mon); Tom Krause accompanied by Rudolf Jansen. Richard Strauss, Ravel, Mahler, Sibelius (Tue): Lunchtime piano concert from Arielle Vernede (Wed). (71 83 45).

**Utrecht**, Muziekcentrum Vredenburg. Cyprien Katsaris, piano. Schubert, Beethoven (Tue); Hubert Soudant conducting the Utrecht Symphony Orchestra, with Ank Mulder, flute, and Ada Brussen, harp. Mozart, Handel (Wed); Recital Hall: Wiktor Liberman and Mieke Biesta, violins, Nobuko Imai, viola, Marien van Staalen and Harro Ruysenaars, vellos. Quintets by Schubert and Brahms (Tue): The Asko Ensemble conducted by Oliver Knussen. Knussen, Carter (Thur). (31 45 44).

**The Hague**, Diligentia. Chamber ensemble of the Hague Philharmonic. Fontana, Bach, Mozart, Szymanovski, Hindemith, Klebe (Wed). (46 43 08).

### VIENNA

**Andre Previn**, piano, wind instrument musicians from the Vienna Philharmonic Orchestra: Poulenc, Beethoven, Myslivecek and Dvorak. Konzerthaus Mozart Saal. (Tue).

**Vienna Symphony Orchestra** conducted by Zdenek Macal. Smetana. Musikverein. (Wed and Thur).

**John Williams**, guitar: Bach, Sor, Rodrigo, Villa-Lobos. Konzerthaus Mozart Saal. (Thur)

## Theatre

### NEW YORK

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**Torch Song Trilogy** (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

**Dreamgirls** (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

**Brighton Beach Memoirs** (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

**Strange Interlude** (Nederlander): Glenda Jackson carries on an appreciated tradition of bringing American classics to New York from London in this marathon production in which director Keith Hack wisely makes the asides an integral part of the conversation. Limited engagement ends May 5. (921 8000).

### TOKYO

**Chorus Line:** The Japanese version by the Shiki company, best-known for Cats, Japan's longest-running production (one year) and a sell-out. Nissei Gekijo, near Imperial Hotel. (320 4000).

**Kabuki** (Kabuki-za): Kotobuki Soga no Taimen, Danjuro Musume, Kenuki, Kanjincho (matinee); Ebon Taikoki, Kojo (formal name-taking ceremony), Sukeroku (evening). April sees the beginning of three months of ceremonies to mark a well-known Kabuki family member, Ebizo Ichikawa, assume the name Danjuro XII, in unbroken line since the 17th century. The Kabuki world is run by big families, not unlike the system of long-established circus families in Europe. In only the second accession this century, the Kabuki-za's gala programme will continue until the summer. Most of the big names in the Kabuki world will be on stage to lend their congratulations and many of the days will be Ichikawa family specials. One of the favourites is Sukeroku in which Danjuro will play the lead, a dashing hero and champion of the lower classes in 18th century Tokyo. Excellent English programme notes and earphone commentary. (541 3131).

**Barefoot In the Park:** The Japanese version of Neil Simon's play directed by Yutaka Kobayashi. Long Run Theater, Shimokitazawa. (414 0961).

**The Tooth of Crime,** A translation of Sam Shepherd's musical directed by Sakumi Hagiwara, produced by Parco/Engine Room. Stars Eiji Okuda. Seibu Theatre, Shibuya Parco Part 1, 9th floor. (477 5860).

### LONDON

**Noises Off** (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

**Starlight Express** (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

**On Your Toes** (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

**42nd Street** (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

**Me and My Girl** (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

**Other Places** (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

**The Caine Mutiny Court Martial** (Queens): Charlton Heston walks carefully on and off in Herman Wouk's famous courtroom thriller without disturbing too many memories of Bogart on film. In the second act he even acts a little, which proves rather more alarming a spectacle than when he is merely heaving himself around in a somnambulist daze. (734 1166).

**The Government Inspector** (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

**Richard III** (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (628 8795, 638 8891).

### NETHERLANDS

**Amsterdam**, The American Repertory Theatre (Kerkstraat 4). Piaf by Pam Gems, directed by Raphael Brandow. (All week except Mon and Tue). (25 94 95).

**Amsterdam**, De Stalhouderij (Eerste Bloemdwarsstraat 4). The English-Speaking Theatre of Amsterdam with Krapp's Last Tape by Samuel Beckett. (28 22 82).

## Exhibitions

### VIENNA

**Vienna 1870–1930: Dream and Reality:** The greatest names of the Viennese fin-de-siecle – Klimt, Otto Wagner, Schiele, Kokoshka, Adolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

### BRUSSELS

**Palais des Beaux Arts:** Felicien Rops – drawings, paintings and watercolours – a mixture of the macabre and erotic, skeletons and sex. Ends April 28.

### ITALY

**Rome**, Galleria Nazionale d'arte Moderna: Aubrey Beardsley (1872-1898) (in collaboration with the British Council). Beardsley is described by the organiser as "one of the most subtle exponents of European *fin de siècle* decadence" – but one is far more impressed by the simplicity and directness of his style and the rare combination of irony and sensuality. In a career which lasted less than six years, he invented a brilliant series of new styles: from the delicacy and intricate detail of the series of illustrations for The Rape of the Lock to those for Oscar Wilde's Salome (which made him notorious). Ends Apr 28.

### NETHERLANDS

**Amsterdam.** Nieuwe Kerk (Dam Square). Two contrasting shows in the church by the Royal Palace. The first is the 28th World Press Photo Exhibition (ends May 2), the second a selection of satirical drawings by Hans-Georg Rauch (ends April 29).

### WEST GERMANY

**Berlin**, Schloss Charlottenburg, Spandauer Damm, Neuer Flugel: Berlin is putting on the biggest exhibition of Antoine Watteau to commemorate the 300th anniversary of his birth. The National Gallery of Arts, Washington, the State Museum of France and the administration of Berlin's castles are sponsoring the show. The French rococo painter often used poor quality colours, therefore many of his paintings are in a bad condition and have not been displayed before. The exhibition includes 73 drawings and 143 paintings. Ends May 25.

**Hanover**, Sprengel Museum, Kurt Schwitters-Platz: Works from 1885 to 1954 by the French artist Henri Laurens, to commemorate the 100th anniversary of his birth. Through his friend George Braque, Laurens discovered cubism in 1911 and became popular in France. In 1969 the German industrialists Bernard Sprengel, a Laurens enthusiast, gave his entire collection to Hanover. The works include 115 sculptures, collages, paintings and graphics. Ends April 28.

### LONDON

**The Saatchi Collection:** Charles and Doris Saatchi have been collectors of contemporary art since 1970. The catalogue of their collection, The Art Of Our Time, is being published volume by volume, and a gallery established to make it available to a wider public. The gallery is an astonishing converted paint warehouse at 98a Boundary Road, NW8, that offers more exhibition space for temporary shows than any other gallery in London, except perhaps the Tate. There are to be three or four shows a year, of a few artists at a time. Those now being shown are Cy Twombly, Brice Marden, Andy Warhol, Don Judd, and Richard Serra. The gallery is open on Fridays and Saturdays between 12 and 6, or by appointment. (624 8299).

### PARIS

**Odilon Redon.** Some 500 oils, drawings and pastels given by Ari and Suzanne Redon show the symbolist painter's anguished isolation from the mainstream of impressionist painters while he follows the torments of his imagination and the inspiration of his dreams. Musée d'Art and Essai, 13 ave President Wilson (723 3653). Closed Mon. Ends April 30.

**La Nouvelle Biennale de Paris** assembles 120 painters of all nationalities. Punk-style posters lure visitors to the trans-avant-garde fun-fair of the arts spreading over 12,000 square metres in a vast hall of the former La Villette Slaughter House. 211 Avenue Jean-Joures. Metro Porte de Pantin (730 2525) Ends May 21.

### NEW YORK

**Metropolitan Museum:** 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

**Museum of Modern Art.** The first comprehensive retrospective of Henri Rousseau, including 60 works from as far away as Prague, show the masterful playfulness of the Paris toll collector who brought together man and nature at their most benign and intriguing. Ends June 4.

### WASHINGTON

**National Gallery.** Ancient Art of the American Woodland Indians includes 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

### CHICAGO

**Art Institute:** Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

### TOKYO

**Leonardo da Vinci Nature Studies:** 50 drawings on loan from the Royal Library at Windsor Castle concluding a travelling exhibition in Europe, U.S., and Australia. The exhibition has been designed by Paul Williams, designer of the Renoir at the Hayward Gallery, London. Seibu Museum of Art, Seibu Department Store, Ikebukuro. Ends May 12.

# THE ARTS

## Cinema/Nigel Andrews

# The truth—as far as it goes

**The Falcon and the Showman,** directed by John Schlesinger
**Into the Night,** directed by John Landis
**Choose Me,** directed by Alan Rudolph
**Number One,** directed by Les Blair
**City of Pirates,** directed by Raul Ruiz

Sean Penn and Timothy Hutton

"A true story of friendship and espionage" says the poster for *The Falcon and the Snowman*, which tells of the two young Americans, Chris Boyce and Daulton Lee, who sold spy-satellite secrets to the Russians in the 1970s. Boyce (Timothy Hutton) was the "Falcon," nicknamed after the bird he flew as a boyhood hobby. Lee (Sean Penn) was the "Snowman," named after his less innocuous but far more profitable hobby of peddling cocaine and heroin. In the mid-1970s Boyce, working in an intelligence-monitoring centre for the CIA, began using Lee as a courier to sell top-secret information to the Soviet Embassy in Mexico City.

"True stories" in the cinema should always come with a government health warning. There are many kinds of truth, and there's often a gap the size of the Grand Canyon between, say, the "whole truth" and "nothing but the truth." John Schlesinger's film of Robert Lindsey's book about Boyce and Lee is, scrupulously, the latter: give or take some minor and inoffensive embellishments to make the package more colourful and characterful. (A cipher room shredding-machine used as a cocktail mixer; blasts of here-we-are-in-Mexico local music and pageantry.)

But the film is so far short of the "whole truth" that even at a sturdy 2½ hours we wonder if a subtle exercise in propaganda-by-omission isn't being perpetrated. The background to the friendship between Boyce and Lee is sketched in scarcely at all. But for brief glimpses of them together in schoolday snapshots, we'd think their matiness was immaculately conceived in late teenhood on the rich suburban hills of Palos Verdes, LA, where their families are near neighbours.

The result, and perhaps the aim, of this foreshortened history is to make us see the friendship as shallow-rooted, so that we may more easily separate the irresponsible, whacky, dope-peddling Daulton from the pensive, politically conscientious Chris.

That is the simplified bifurcation which John Schlesinger and screenwriter Steven Zaillian are anxious to effect. In fact, Boyce and Lee were firm friends from childhood, and had a fair share of each other's vices and virtues. But you would never suspect it from exaggerated non-affinity, in the movie, between Timothy Hutton's holy California radical—the light of crusading subversion shining in his eyes as he reads of CIA enormities on the cipher-room teleprinter—and Sean Penn's woozy hell-raiser down Mexico Way, crashing the Russian Embassy with careless armfuls of top U.S. secrets.

The movie's cleverest and biggest trick of omission, however, is to yield scarcely a jot of information about *what* secrets Boyce was selling to the Russians. (For a hero of conscience he certainly managed to line his pockets from the proceeds.) Boyce did not leak minor details of America's spy satellite systems but facts so important that their disclosure helped to torpedo the Salt II talks, by destroying the U.S.'s monitoring capabilities on Soviet missile tests. The film gives no hint of this larger perspective.

It's sad to see so much movie-making skill going into such a tendentious cassarole. Schlesinger bounces about between different countries and different time-zones with wit and clarity. The scenes in Mexico City between David Suchet's saturnine, mistrustful Russian embassy official, and Penn's tousled baywire spy courier, are as funny as the clashes between bureaucracy and individualism in Schlesinger's other recent spy outing, *An Englishman Abroad*.

And as in all his films, no character crosses the screen, however briefly, without leaving a calling-card in our memories. (Macon McCalman and Boris Leskin briefly sketch brilliant portraits of sagacity disguised as absent-mindedness, as CIA boss and Russian bigwig respectively.) One only wishes the film had cast its net of intelligent inventiveness wider.

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*Into The Night* is a madcap chase movie cast into deepest darkness. Everyone is chasing everyone else across night-time Los Angeles. The audience will want to flag the cast down and say, 'Hang on, could we go back to the beginning and start again, this time with a proper plot?"

Jeff Goldblum is the insomniac young man whose wife is having an affair, Michelle Pfeiffer is the blonde he rescues one night from four Iranian assassins in an airport car park. David Bowie, Dan Aykroyd, Paul Mazursky, Vera Miles, Don Siegel and Roger Vadim are among the infinity of guest stars littering a plot about stolen jewels, murder and international intrigue.

Director John Landis showed in *The Blues Brothers* and *An American Werewolf In London* that when it comes to comedies of action, slapstick should not only be done, it should be seen and heard to be done. And *felt* to be done, if possible, as forcefully as a baseball bat on top of the skull. So here there are pratfalls, car chases, shoot-outs and murders galore of both human beings and animals.

The film's energy is as astounding as it is meaningless. Landis always directs movies as if he's swallowed a tin of Mexican jumping beans. But the irony is that his best work—the spooky prologues to *American Werewolf* and *The Twilight Zone*, the opening minutes of *Into The Night* as we follow sleep-robbed Goldblum through the robotic and hilariously dead-pan routine of rising, breakfasting and commuting—is done when he slows down and beguiles us into the plot, rather than throwing us into it.

*

Alan Rudolph's *Choose Me* is all beguilement. Here we are in some neon-lit city of the mind—a blend of Los Angeles and Las Vegas—where five characters perform an American-style *La Ronde*. Escaped mental patient Keith Carradine pals up with kooky-dreamy bar-owner Lesley Ann Warren (who has eyelids the size of parasols); Warren is sharing a flat with sex-obsessed radio agony-aunt Genevieve Bujold (who tends to drift into erotic monologues while still on the air); and this trio's fevered lovelornness spreads battily out to the pretty, half-black bar-fly Rae Dawn Chong and her nutty racketeer husband Patrick Bauchau.

Confused? You well might be. It's as if Feydeau and Lewis Carrol had been involved in a near-fatal accident together, and the plastic surgeon had sewn one human being together from bits of each. But though mildly potty and wildly eclectic, the film is Rudolph's most piquant to date (he also made *Welcome to L.A.* and *Remember My Name*). For goodness knows how small a fraction of the cost, he's made a movie with far more wit, vibrato and romantic nuance than Coppola's markedly similar *One From The Heart*.

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Les Blair's *Number One* should be persuaded, at an unnamed redundancy fee, to drop straight into oblivion. Bob Geldof, ex-Boomtown rodent, and Mel Smith, ex-moron from Outer Space, team up in this dunderheaded tale of crime, graft and world snooker championships. The script gasps from cliché to cliché—there's even a tart-with-a-heart heroine (Alison Steadman)—and the movie's appalling technical qualities will be a rude awakening to those who think a visit to the cinema is a guarantee of good sound and good pictures.

## Don Giovanni/Glasgow

**Max Loppert**

The new Scottish Opera *Don Giovanni*, which on Wednesday opened at the Theatre Royal, Glasgow, is a messy pudding. The style of the cuisine is consciously nouvelle, and a few happy innovations can be enjoyed in the tasting, but there are too many warring, strongly flavoured ingredients, and the result is half-baked to boot. Graham Vick, the producer plays out the opera in Stefanos Lazaridis' black stage box; in the first half, English catch-words are daubed on its sides while what goes on in the main acting area often seems to be all the *Don Giovanni* associations that first came into the producer's head, strung out from end to end.

The style is full of self-conscious and at times obviously self-delighted anachronisms (this may be the first-ever appearance of a lavatory on the Lyric stage). The costumes, by Lazaridis and Clare Mitchell, span a flight of fancy from the Seville of da Ponte to the present day via Gainsborough Films and *Come Dancing*. Mr Vick has had wicked fun, and shares it with the audience, in depicting Masetto and Zerlina as the acme of suburban plebdom, typed by their wedding presents( which include a gift food trolley and a shiny acrilan sofa-bed)—this comedy of social levels is dealt out with a sharp tively touch.

Elsewhere, though, the production appears to derive its purpose mainly from ringing variations on the theme of *Don Giovanni* inversion—the Commendatore gets up and walks away from the first scene, Elvira comes in as a nun, the maskers aren't masked, Giovanni doesn't go to Hell, and so on. Nothing really adds up or makes long-range sense; and the pleasure to be had from a series of vividly imagined moments in modern dress doesn't really compensate for a growing suspicion that this is yet another staging of production notes rather than of the opera. Much of what is most disturbing about it eludes this presentation—the excitement, the blend of humour and pathos, the accumulated terrifying awareness of the infinite.

A lesser problem with the show is that the reviewer must spend too much space simply describing it, and not enough on the singers. The cast includes three notable British debutants. The Leningrad baritone Sergey Leiferkus, one of Wexford's brightest recent discoveries, makes in the title role the strongest impression of all (a reversal of the usual situation). Sharp-eyed, quizzical, compact of figure, he alone rises above the production trickery; the voice has a fine cutting edge and splendidly true definition. The characters of Elvira and Anna prove greater casualties; but as the former, the Finnish soprano Karita Mattila, a name to watch, sings smoothly, freely, and beautifully, while the Anna of the American Kristine Ciesinski delievers the music with some conviction, if less charm and steadiness of tone.

A feeling of first-night coping with their routines (and in some instances of awkwardly backward placing) may well have diminished the expressive force of Willard White's Leporello (should he not now take a crack at the title role?) and also the potentially charming Zerlina and Masetto of Faith Elliott and Jonathan Best. Anthony Roden's Ottavio is secure and rather dull. The show really needs more dynamic musical leadership than that of Alexander Gibson. The decision to perform in Italian (of very variable efficacy of utterance) disguised more than one example of obvious conflict between the words and their enactment.

## A Raisin in the Sun/Kilburn

**Antony Thorncroft**

It was inevitable that the Black Theatre Co-operative should get round to tackling *A Raisin in the Sun*, which was a great Broadway success in 1959 and subsequently a film with Sidney Poitier. Its tale of a black family in Chicago's South Side, struggling to come to terms with the new emancipation which money and radical ideas was creating, is a cornerstone in the development of black theatre.

What comes across most strongly in this attractively unpretentious production is just what a good story teller writer Lorraine Hansberry is. The triumph of the play is that the black setting is quite superfluous: the audience is hooked on the development of those perennial themes, the generation gap, marital strife, the dangers and delights of money, and romantic rivalry.

Its naturalism and belief in human goodness might be out of fashion among contemporary writers but makes for reassuring theatre. Lena Younger, the matriarch whose $10,000 inheritance seems to offer both salvation and destruction for her family, is portrayed by Carmen Munroe with the sweetness of a fairytale godmother.

All the audience has to do is wait expectantly for the plot to unfold — which suitor will the daughter choose, the rich one or the foreigner from Nigeria instructing her in her black roots? How will the grandmother divide up her fortune? Will the wife give birth or abort?

The acting is pleasantly relaxed and lively, with Jacqueline de Peza as the mildly rebellious daughter and Guy Gregory as the husband seduced by middle class values, notable. Yvonne Brewster directs what is very much a period piece at a slow and steady pace, and somehow manages to erase the barrier between the actors and the enthusiastic audience.

Alastair Muir

Carmen Munroe (top) and Ella Wilder

## The Archbishop's Ceiling/Bristol

**B. A. Young**

The ceiling, dating from the 16th century, still adorns the sitting room of Marcus, one of the most successful writers in what might as well be Czechoslovakia as anywhere; and very handsome it is, as part of Su Bentinck's design. It is probably studded with microphones for the benefit of the security police, and Arthur Miller has some initial fun with a visiting American novelist, who is warned of the risk of being overheard but is not expert at controlling his tongue. So little expert, in fact, that he possibly reveals the unhappy circumstance that his friend, Sigmund, the nation's most admired novelist, has concealed his new book in his fireplace.

Sigmund and Marcus are at the two ends of a see-saw. Sigmund believes whole-heartedly in his right to create and publish without any superior control by the state or anyone else. Marcus thinks that literature, however good, must redound to the good of the country; and, if it does not, it must be sacrificed.

This is the argument that occupies the whole play once we have learned that the police have indeed seized Sigmund's book. It is kept going by various means. Marcus invites Alexandra to an impromptu party that has sprung up to welcome Adrian, the American, himself a considerable novelist (Alexandra is the daughter of the Minister of the Interior). The question is whether Sigmund should flee the country to avoid arrest. Then, Alexandra (whom we see, inconclusively, for half a minute at the final curtain) telephones to say that the novel will be returned after all.

The philosophical exchanges are stimulating enough, though they don't seem to me to open any new ground. The decorations, with which Miller surrounds them, are less so. We have a young woman, Maya, who shares her affections generously amoung all the men. We hear some of Marcus's personal history, which must surely have been familiar to most of his friends, and has nothing to add. Sigmund demonstrates how to make a piano fire a pistol. A young Danish girl, with no language to share with the company, has no effect on anyone.

Too much seems to have happened by chance. There is virtually no plot, only some literary political conversation. When Maya, late in the evening, says "Let's not talk about it," I half expected a burst of clapping.

Alan Dobie and Ian Lindsay exchange their arguments with truthful energy. Ed Bishop and Maureen O'Brien, who have a long scene to themselves at the beginning, soon reveal that they have no more function than the olive in the cocktail.

Paul Unwin, the director, has done all he can to present a lively stage picture, but, despite the urgency of the matters raised, the play really offers only a conversation.

## Viva!/Stratford East

**Martin Hoyle**

The lobby of this Central American Intercontinental glitters with a blend of modern hotel tech and pre-Columbian motifs. The light-fittings are shaped like Aztec masks; even the lift doors are embossed with gilt, studded with mock jewels.

Saul Radomsky's set witnesses a briskly funny first half to Andy de la Tour's first play. Mr de la Tour is best known as a stand-up comic, but his writing shows full awareness of how to keep a plot on the move; too much awareness perhaps. The second half betrays the frantic bustle of farce contrived rather than natural. Roger Smith, who directs, knows the differenece.

The beginning is promising. A revolution rages outside. The international media have fled, apart from a British girl reporter; the manager and single waiter deal with the local slightly mad general as he visits a stray playmate left over from a Playboy convention in the Honeymoon Suite; an archbishop of marked Teutonic background starts whenever questioned about his antecedents pre-1945; and the American cultural attaché is curiously authoritative as he sweeps in requisitioning rooms, stationing machine-gunners at various points and throwing a guard round the hotel.

Sure enough Thackeray is the CIA; and the hotel is the last refuge of the toppling dictator before a projected escape by American helicopter.

Much of this is very funny. The nervous prelate changes suitcases full of pesos for dollars and sells church plate. The plucky girl reporte is actually on holiday from Radio Portsmouth. The dictator refuses to be parted from his father's coffin which, it transpires, contains no human remains. And the hotel manager decides to indulge in a little bombing on his own account.

The coffin plays a central part in the farcical flurry of Act 2 as it whizzes up and down in the hotel lift with a squawkingly claustrophobic archbishop, containing, as is variously believed by different characters, an embalmed autocrat, a million dollars or a bomb. While beatutifully served by players without a flicker of exaggeration between them, the funny business eventually rings hollow and laboured.

A sense of injustice permeates the piece ("To the Yankees we are just an item on the agenda of some Pentagon sub-committee") but never obtrudes. Perhaps it should. Some vital element is missing from the rollicking: it may be unrestrained anger.

Reservations aside, all praise to perfect embodiments of Latin volatiilty and lackadaisical amiability in Alfred Molina and Ian Sears respectively — the latter's accent was faultless (this is one of those plays where they talk to one another in broken English; but it doesn't matter a bit); to John Forgeham's nutter of a general; to Tom Wilkinson's perfectly credible CIA agent; and to Anthony O'Donnell's dictator, a marvellously rapt portrait of the childish self-absorption of a not too bright spoilt brat unable to take in more than one thing at a time.

Tightened up, this could be a first-rate political farce — by which I do not mean a British cabinet minister losing his trousers.

## The Bartered Bride/Coliseum

**Rodney Milnes**

When Elijah Moshinsky's new production of Smetana's opera opened a fortnight ago, it had a strange hole at the centre: the community background and supporting roles were vividly characterised, but there was something apologetic, almost defiantly anti-operatic, about the presentation of the young lovers. Part of that gap has now been filled with the arrival of Elizabeth Robson, who sings Marenka at tonight's performance and on May 11.

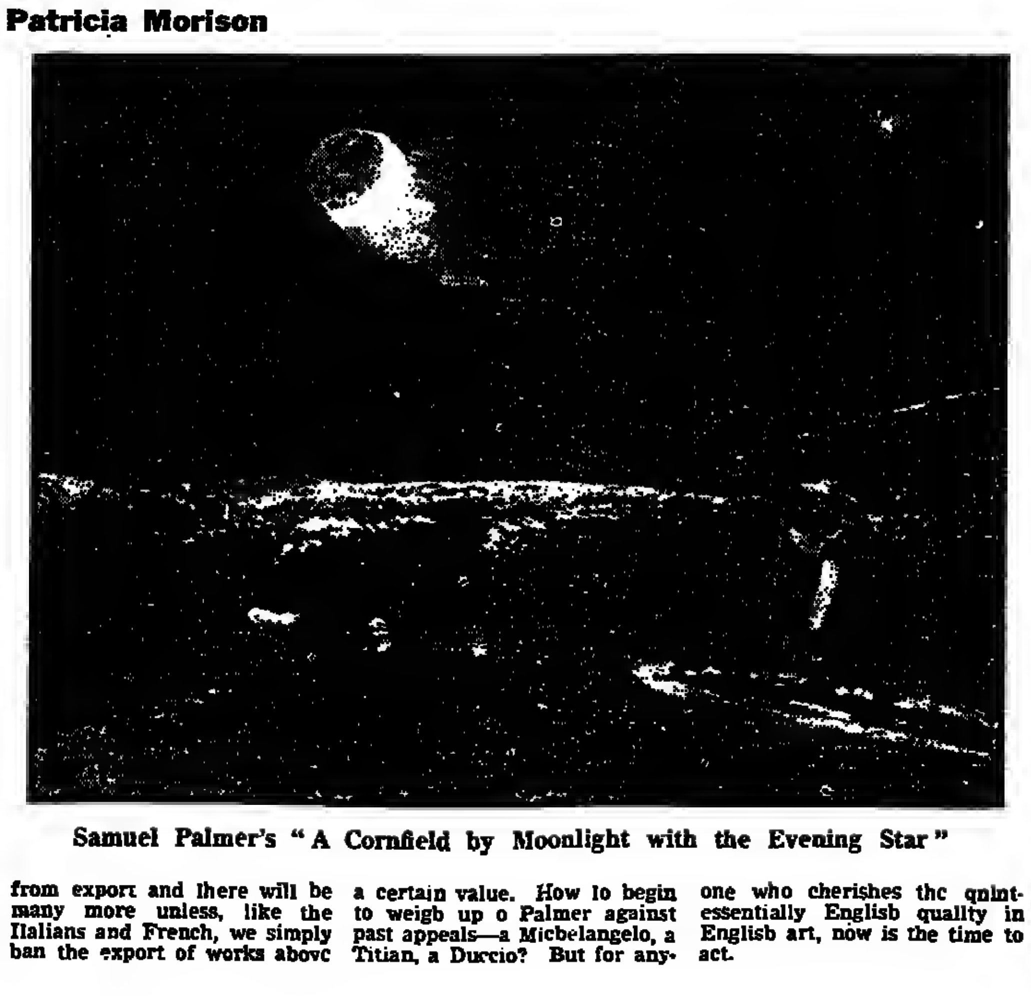
Miss Robson, for many years on the strength at the Garden (Strauss's Zdenka was her great role), has not sung in London for some time—one of those inexplicable oddities about our operatic ways and means. Sopranos with so sure-founded a technique and such experience, not to mention so attractive a stage presence, do not grow on trees, and Miss Robson has rightly been in demand elsewhere. At her Coliseum debut on Wednesday, her beautifully clear and bright soprano rang out easily into the house, which suits her well. She also, as always, sang off the words, making significantly more of the text audible than had her colleague on the first night.

Most important, building on natural warmth and pliancy of phrasing, she gave the character more breadth and depth: rustic resourcefulness, loyalty, determination, vulnerability, all found a proper balance in a hugely sympathetic impersonation. I hope we shall be hearing more of her in St Martin's Lane.

For the rest, Edmund Barham's vocally forthright Jenik was still in search of a character, and Graham Clark, with whom he might profitably have exchanged roles, stole all hearts as Vasek. Stafford Dean's marriage broker, crafty but not quite crafty enough, remains an asset, and chorus, dancers and circus folk made an even better impression on second viewing. But Herbert Prikopa's conducting, by turns limp and vulgar, still seems to me a major liability. That so much of Smetana's score should sound either boring or flatulent is little short of tragic.

## Samuel Palmer Watercolour Appeal

**Patricia Morison**



Samuel Palmer's "A Cornfield by Moonlight with the Evening Star"

We have until April 28 to save an idyll: a Kentish field with great sheaves of corn silvered by an August moon and the glint of the evening star. If we do not again dig deep into our pockets, a wonderful Samuel Palmer drawing will disappear to a private American collection.

The trustees of the British Museum need £170,000 to buy *A Cornfield by Moonlight, with the Evening Star*, a work of the highest quality from Palmer's period at Shoreham. The little pen-and-ink with colour wash, equals any of the handful of Shoreham works now in the Ashmolean in Oxford, the Fitzwilliam at Cambridge, and the Victoria and Albert. The British Museum has not been over-active with the begging-bowl, for this is its first appeal in 50 years. The trustees have given £30,000, the balance of this year's reserve purchase fund. The drawing is at present on view in the exhibition of landscape watercolours.

Palmer was not prolific, unlike Turner or Constable with whom he ranks as one of the best-loved English artists. The Shoreham period saw the high point of his life. Virgil, Blake, Milton and a host of devotional works inspired this intensely literary man as he laboured to seize the God-given loveliness of Nature which "does yet leave a space for the soul to climb above her steepest summits." This picture has all the visionary quality which makes Palmer so unique.

The figure with the great-brimmed hat and staff who strides resolutely towards the hill suggests a medieval pilgrim or Everyman; but Palmer might first have intended to show Ruth and Boaz, since one can just make out a sketched female figure bearing a jar on her head. The deep serenity of this picture makes one see the figure as Palmer himself, the young visionary. But the vision departed when Palmer left Shoreham, which gives these precious works a retrospective sadness.

Kenneth Clark owned this watercolour, which gives an added art-historical interest since Clark, with Geoffrey Grigson, was responsible for the rediscovery of Samuel Palmer and for the inspiration he provided to neo-romantic artists of the 1930s and 1940s, like Graham Sutherland and John Piper.

The special poignancy of this watercolour is its evocation of the vanished beauty of southern England. Now, a motorway thunders close to this cornfield in the Dearenth Valley. The cycle of the seasons now means searing rape-flowers succeeding to the boring green of winter wheat, then the blackness of burnt fields. For corn-sheaves like Palmer's, one must go to a museum of rural life.

There have been many appeals to save art treasures from export and there will be many more unless, like the Italians and French, we simply ban the export of works above a certain value. How to begin to weigh up a Palmer against past appeals—a Michelangelo, a Titian, a Duccio? But for anyone who cherishes the quintessentially English quality in English art, now is the time to act.

## Aldeburgh Festival

The 1985 Aldeburgh Festival will run from June 7 - 23 and will welcome its new French composer-in-residence, Henri Dutilleux, some of whose music will be discussed and performed.

Handel's opera Roselinda and concerts devoted to Bach and Scarlatti will mark the tercentenaries of these composers; a concert with music of his choice will celebrate Sir Peter Pears' 75th birthday.

Musicians taking part include Murray Perahia, Andras Schiff, Mieczyslaw Horszowski, John Shirley-Quirk, Oliver Knussen, the Vermeer Quartet, the London Sinfonietta, the English Chamber Orchestra and the City of Birmingham Symphony Orchestra.

Other events will include an exhibition of paintings to be auctioned by Sotheby's on October 8 in aid of the Aldeburgh Appeal, and exhibitions by Robert Medley, Keith Grant, Juliet Simpson and Fidelity Cranbrook.

## Cannes Film Festival

A strong field of films from North and South America is expected to attract record attendance at the 38th Cannes Film Festival next month.

Four U.S. films, three from France and two from Latin America will compete for the Golden Palm award. The 10-member jury will be headed by American director Milos Forman.

## Moves Afoot/The Place

**Clement Crisp**

Proclaimed as "Britain's latest dance initiative," Moves Afoot is a group of five dancers funded by the Arts Council and South West Arts with, I assume, the idea of taking yet more dance into the regions. Led by Christopher Bannerman, with Celia Hulton and Jayne Lee also from the London Contemporary Dance Theatre, and with Judy Harris and Neville Campbell as the additional members of the troupe, the ensemble has been working in Bristol and is now embarked upon a tour. The programme seen at The Place on Wednesday is proof, were proof yet again needed, that good intentions and physical willingness do not add up to a coherent or even particularly enjoyable evening.

The impression given by the five works on offer was indecisive, and sometimes dangerously naïf. Miss Lee's *Obscuro* seemed to be about a group of jesters, brightly costumed by Tina Holmes (who is one of the three students from the Bristol Old Vic School who provide the design), while Mr Bannerman's *River of Change* was for all the world like a movement therapy class where the participants had to pretend to be melting ice—a not inconsiderable demand which resulted in actions lambently innocent.

Mr Bannerman was also the pugilist hero of a solo made for him by Kenneth MacMillan, a capriccio set to Bach's "little" G minor fugue, in which he traded punches and finally knocked himself out. *Moon Sisters* was Celia Hulton's view of a coven of three witches, with all the regulation hints of spells and orgiastic poses, and the final *Swing away the Blues* is Mr Bannerman's response to Duke Ellington, with a passing glance at Twyla Tharp's harum-scarum extravagance, but none of her organisational genius in making choreographic order from muscular chaos.

If the regions are to be endowed with more dance troupes, then strong and well-realised choreographic offerings are a first priority. The energy and funds expended must bring something surer in style and more theatrically engaging than this odd assortment of experiment and predictability.

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# Warning bell from the U.S.

THE OFFICIAL U.S. estimate released yesterday that the real growth of this giant economy slowed to a 1.3 per cent annual rate in the first quarter of 1985 may well prove to give an exaggerated picture of the rate of the U.S. slowdown — the ifs and buts are discussed briefly below. It is an important economic, financial and political event, all the same.

It poses an economic challenge to America's trading partners, for they cannot now afford the luxury of a leisurely argument over the right response to a future slowdown. It has started. The financial marktes have responded instantly, leaving the monetary authorities — especially in London — increasingly far behind. The political repercussions are likely to follow all tooo quickly: a much louder protectionist clamour in the U.S. Congress.

### Influences

This may seem an unduly portentous message to read into a possibly misleading set of figures for a single quarter; but there are strong reasons for thinking the warning is appropriate and timely, even if the figure may be exaggerated. The suspect elements are visible enough. First quarter activity was no doubt affected by the severe winter weather, the estimate for the GDP deflator, which reduces quite high nominal growth to the low estimate for real growth, far above trend, and some tax refunds were delayed. All these factors suggest some rebound.

For the longer term, however, there are depressing influences which are still gathering force. U.S. companies are being driven by competitive pressures to turn increasingly overseas for components and, even to contract out total production — a slow process which will be equally slow to reverse. The sharp rise in inventories in the quarter is almost certainly unplanned, and therefore sinsster; even if final demand remains fairly stable, a sharp inventory correction is highly possible. Meanwhile, personal income growth is far below the growth of nominal demand, and must sooner or later depress final sales.

Politically, the most explosive figures are those showing the continued collapse of U.S. net exports, and these at least are entirely credible. These tighter conditions in the U.S. productive economy have been foreshadowed for some months in falling investment figures, and have already sharply depressed the trade of some economies such as South Korea, which have quite a large role in subcontracting for U.S. electronics and capital goods industries.

The effect on the consumer and luxury trades in which Europe has a much larger share will be delayed and muted, but still highly important. As the U.S. Treasury Secretary, Mr James Baker, reminded his colleagues in the IMF Interim committee, U.S. demand has accounted for nearly half West European growth in the current recovery.

### Response

What action is needed to meet these threats? The IMF itself, arguing from its own forecast of 3.4 per cent U.S. growth this year — which will look absurdly optimistic if we get another quarter like the first — urges caution. Any measures to expand demand in other countries to take up the running from the U.S. should be modest and stealthy. This view would be supported by hte UK government and the German finance ministry (but not the department of economics). It would be criticised as far too bankerly and restrictive by the French, the OECD secretariat (talking privately) and by the third world.

Some more positive and convincing response may emerge from the round of international meetings which continues for another month — especially a commitment to new trade talks. Meanwhile we would urge that while the fiscal options are reassessed, as they will have to be, the monetary response to the sharp weakening of the dollar should be prompt and adequate. If the U.S. figures are anywhere near the truth, there is now an opportunity to restore something near normal real interest rates, and so reduce a heavy constraint on both governments and enterprises.

If, in three months, the U.S. credit boom proves livelier than looks likely, and rates have to edge up again, the sky will not fall. We will simply be back where we thought we were when the winter forecasts on which present policies are based were drawn up.

# New home for the takeover panel

THE CITY Code on Takeovers and Mergers appears today in an extensively revised edition. A number of detailed additions and amendments have been made to the rules but there have also been some simplifications and deletions and overall the code is said to be slightly shorter than before.

But as the City of London's takeover practitioners grapple with the new looseleaf format and come to terms with the renumbering of nearly all the general principles and rules, much more important changes are being prepared behind the scenes.

At present the panel is paired with the Council for the Securities Industry, which brings together most of the major interest groups within the financial markets. But the CSI is due to fade away over the next year or two with the development of the Securities and Investments Board, a tougher watchdog body which will have statutory backing, although it will aim to work through a variety of self-regulatory agencies.

The recent government White Paper on financial services held out an offer of legislative support for the Takeover Panel. If securities market practitioners and users felt that statutory backing would be helpful the Government would, according to the White Paper, be willing to consider it. But the panel is nervous about taking up such an offer.

### Enforcement

A private paper setting out the range of options available has been prepared by the executives of the panel and will be considered by a full session of the panel itself in a few weeks time. These options range from continued independence at one end of the scale to some form of absorption within the regulatory apparatus of the SIB at the other.

The appeal of statutory backing is that it would give the panel teeth of a kind that it has not possessed in the past. It is true that up to now the panel's lack of powers of enforcement has not been crucial: it has been able to wield the threat of censure, or the voluntary excommunications of culprits by City banks and brokers, and this has been sufficient except in one or two cases. But the danger is that in a future deregulated environment, involving 24-hour global markets and giant international securities groups, the panel might be exposed as an emperor without clothes.

An element ofl egal backing would also, however, carry considerable dangers. The voluntary nature of the relationship between the panel and its constituency of practitioners in the financial markets is crucial to its success. The point of a code of conduct is that it can be administered quickly and flexibly on a largely informal basis; indeed, a key function of the executives of the panel is to provide day-to-day advice rather than just hand down judgments from on high. A fundamental objective has been to keep disputes involving takeovers out of the courts—an aim which has been achieved, although some recent arguments have become more legalistic. But once the code gains statutory recognition there is a clear risk that panel decisions will become fair game for legal challenge.

### Clear risk

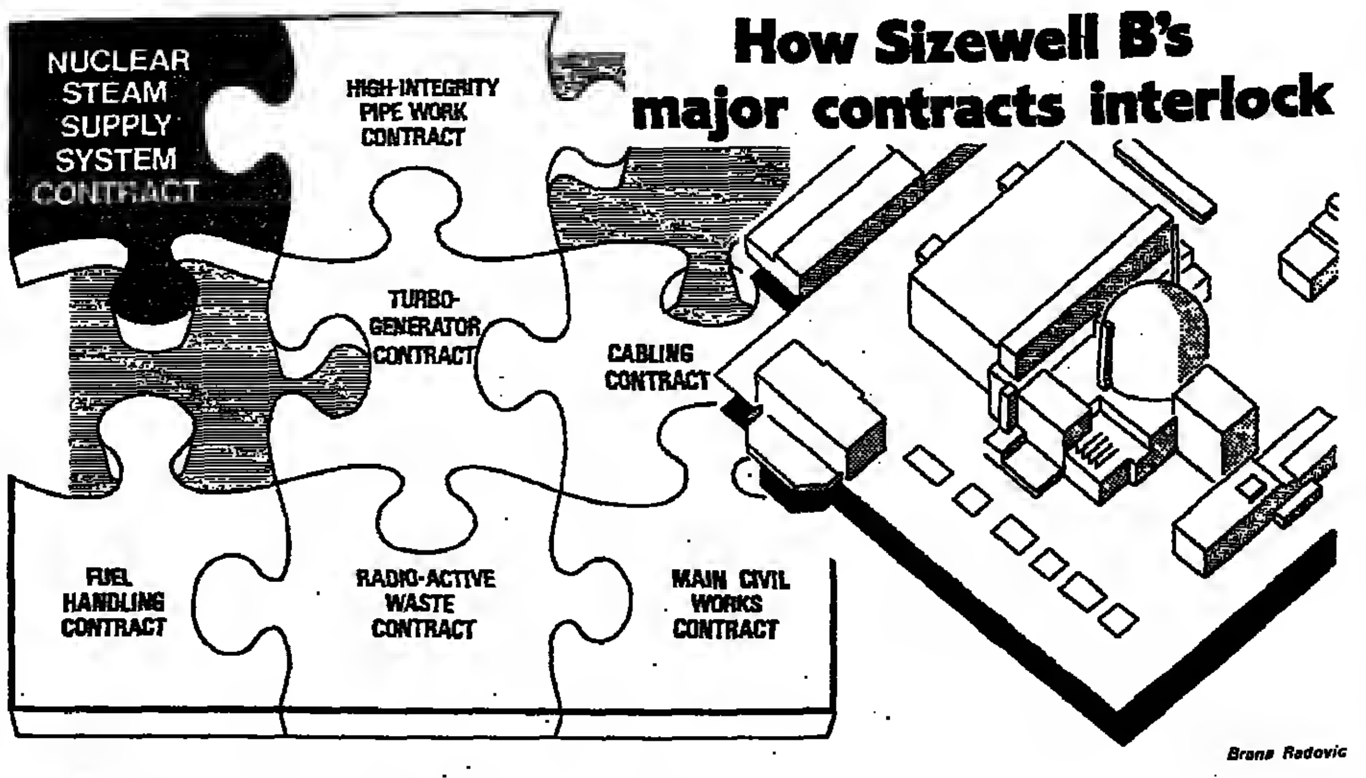
Today's changes to the code need only the authority of the panel itself, and the looseleaf binding reflects the continuing commitment to flexibility. In stark contrast the U.S. Securities and Exchange Commission has stood by more or less helplessly during all the recent skulduggery of the American

In these circumstances it is likely that the executives of the panel will recommend the choice of a niche at the independent end of the spectrum.

This is likely to prove a practical solution for the immediately foreseeable future. There will be more foreign participation in London's markets in the wake of the opening up of the Stock Exchange, but overseas securities groupa are unlikely to seek to rock the boat in the early years. Up to now, certainly the U.S. investment banks have been scrupulous about complying with the code.

Whether this is a long-term solution is another matter. If the financial markets become truly international it seems unlikely that the UK could indefinitely remain an island of self-regulation in a world where anything is legal that is not proven to be illegal.

## UK-U.S. partnership plans




# Britain's nuclear industry has another go

By David Fishlock, Science Editor

BRITAIN'S heavy engineering industry and Westinghouse Electric of the U.S. may be on the verge of a partnership which could make the UK a new international centre of nuclear operations.

It became clear this week that the Central Electricity Generating Board has asked Westinghouse to undertake the entire £200m nuclear steam supply system—in effect, the reactor and all that wraps round it—for its Sizewell B project, subject to government approval for tha project following the recent lengthy inquiry.

But this is not the only hurdle to be surmounted. The British nuclear industry, with only two nuclear plants exported in two decades, has a poor export record, except for a few special components. There are also doubts whether, even if Sizewell B is approved, the Government will sanction more orders at the rate needed to rebuild and maintain a healthy indigenous industry.

Westinghouse is already working closely with such companies as Babock International, NEI and CEC both on Sizewell B and on opportunities for overseas reactor sales. One Westinghouse executive says the international market for reactor order shows "more activity than we baev seen for 10 years."

The National Nuclear Corporation—the consortium which is building the reactors already under construction in Britain, but has only a subsidiary role in Sizewell B—has now declared a serious interest in joining with Westinghouse. This possibility has caused jubilation at the CEGB, for it implies that the NNC may at last be willing to shoulder some of the financial risk of nuclear technology. All past and present NNC nuclear reactor projects have been undertaken on a cost-plus basis, which means that the client is forced to shoulder all the financial risks.

The new company—whether Westinghouse-owned or an Anglo-U.S. joint enterprise—is to be set up in Cheshire and headed by a Briton, Mr Bruce Tait, currently working for Westinghouse in Brussels.

The CEGB has stipulated that this company must order as much of the reactor technology as possible in Britain, subject to getting satisfactory tenders on quality and price, because of continuing strong political, industrial and union pressure. Sir Walter Marshall, CEGB chairman, now says he is "pleasantly surprised" how much can be done competitively in Britain.

The reactor is the Westinghouse pressurised water reactor (PWR). Even though Britain has never built a big PWR—it has built 21 small ones for the Navy—the participation of Westinghouse ensures that Britain enters the market with the full weight of the company's guarantees on performance and integrity. Westinghouse has 55 company-designed stations operating worldwide and many more based upon its PWR design.

In evidence to the Lords Select Committee on overseas trade this week, Sir Walter said the big NNC shareholders like Babcock, NEI and CEC are now up to world standards in the quality and price of the nuclear engineering. Only 3.5 per cent of the value of Sizewell B would have to be imported, and this figure could fall to 1 or 2 per cent for subsequent British orders—about the same as for an advanced gas-cooled reactor or a coal-fired station.

To get British industry poised for possible re-entry into the international reactor market has been a long and laborious process. The NNC, the consortium of organisations with a direct interest in reactor design and construction, was set up by the Government in 1974. Its principal shareholders also include the UK Atomic Energy Tuthority, Taylor Woodrow and Sir Robert McAlpine.

Currently, the NNC is building British-designed AGRs and

### Westinghouse participation is crucial

has been refurbishing the older Magnox nuclear stations. It has no overseas contracts — the AGRs have proved expensive to build and painfully slow to construct and commission, and no othe rnation has ever seriously sought to buy one.

The PWR, in contrast, is the world's most ubiquitous nuclear reactor, used in every nuclear submarine and a majority of the 344 nuclear stations operating at the turn of the year.

Armed with a government instruction in 1980 that the NNC was to take responsibility for the design and construction of the proposed Sizewell B project, the company began to design a "British PWR" based on a Westinghouse licence. The design was ingenious but drifted so far from the Westinghouse design as to risk losing the guarantees which accompany a Westinghouse licence. The cost was horrifying.

That design was abandoned in 1981 and a nuclear task force appointed to redesign Sizewell B in time for the public inquiry of the past two years.

The task force, headed by Dr (now Sir) Walter Marshall, concluded that the way to build its Sizewell B design would be to stick closely to the Government instruction and make NNC responsible for the whole project including its safety. Both NNC and the CEGB, as operators, accepted this arrangement.

"It was a mistake," says Sir Walter Marshall, now CEGB chairman. It was a mistake because the British system of nuclear licencing places legal responsibility for safety squarely with the operator. The CEGB could not duck this responsibility and therefore had to have a major role in the design. It was also a mistake because the CEGB, not NNC, carried sole financial responsibility for Sizewell B, just as it had done for all its previous 13 nuclear stations.

It was a mistake for at least three other reasons. As a first-of-a-kind it was bound to have problems. It faced a public inquiry at which it was the CEGB, not NNC, whose plans the public was questioning. And as an essentially foreign design it raised procurement problems that were bound to be fraught.

The CEGB's solution was tha project management board for Sizewell B, set up last summer as a CECB subsidiary headed by a board member, Mr John Baker, its chief witness at the Sizewell B public inquiry. This design and construction team of about 320 has drawn its nuclear engineers and scientists equally from within the CEGB and from the NNC.

The next big issue was the procurement of hardware for the £1.2bn Sizewell B station. Long before the public inquiry ended, the CEGB secured the Government's approval to pick suppliers and place design contracts for long-lead items such as the pressure vessel and turbo-generators. The aim is a fast start if the project eventually gets a green light from Government.

Initially, it looked as if the high-technology aspects of the station such as the primary reactor circuit, made and inspected to exceptional standards of engineering integrity, must go abroad on grounds of price. Westinghouse and other PWR suppliers had dedicated production lines running below capacity. Britain had made no comparable investment.

The CEGB gave Westinghouse the contract—worth about £100m—for design and supply of the primary circuit. But it stipulated that Westinghouse must shop diligently in Britain for competitive tenders. The CECB was, in its own words, very pleasantly surprised to find how much of this very demanding contract British industry is capable of supplying to Westinghouse standards at a competitive price—over 90 per cent, it turns out.

As the CECB sees it, the big investment programmes of such companies as Babcock and GEC have begun to pay off in upgrading the quality of UK heavy engineering. Nuclear technology no longer demands the "greenfield" factories built by the U.S., France, Spain and others in the 1970s.

So encouraged was the CECB with the Sizewell B tenders, it decided to expand the Westinghouse responsibility in the hope that this would bring in more British nuclear suppliers. Westinghouse is to shoulder the entire nuclear steam supply system (NSSS), roughly a £200m contract, which includes not only the primary reactor circuit but the reactor containment and auxiliary services. But it must manage the NSSS

### Another target: overseas contracts for the PWR

contract from Cheshire, not Brussels, and it must invite British as well as foreign tenders for all nuclear systems.

What the CEGB did not dictate was the nature of Westinghouse's relationship with NNC. But it did stipulate that any partnership must shift steadily with each successive British PWR order, from one dominated by Westinghouse to one dominated by the NNC.

This is the third major attempt to launch this new nuclear NSSS design and construction company. The first, Plan A, collapsed last summer when discussions over a joint venture company involving Westinghouse and the three main manufacturing groups in NNC—Babcock, GEC and NEI—foundered.

So last month the CEGB proposed Plan B, in which Westinghouse alone would shoulder the financial risks of the NSSS contract for Sizewell B. This scheme galvanised the NNC into action. At the eleventh hour it recognised the risk to itself of Plan B; that it could be consigning itself to the role of sub-contractor to Westinghouse for a whole series of new British reactors. NNC then proposed Plan C.

Plan C—in which Mr Frank Gibb, NNC chairman and chairman-designate of Taylor Woodrow is playing a key role in persuading fellow-shareholders to accept—is a joint venture between Westinghouse and the whole of NNC. The idea is that it will start life as a Westinghouse-dominated venture (90 per cent) but the NNC share will rise rapidly with each successive PWR order.

The CEGB is hoping to persuade the Government of the merits of ordering between four and six PWRs in quick succession, mainly as replacements for its ageing Magnox stations, currently its cheapest electricity producers. On this basis Westinghouse could be a minority shareholder in the joint venture by the early 1990s.

But not too small, Sir Walter cautions. He believes that the French made a serious mistake in rejecting Westinghouse as partners only to find them very formidable competitors in world markets for the PWR.

Mr Bruce Tait, chief executive-designate of the new company envisages a team of about 100, composed partly of expatriates like himself but mainly of specialists hired from NNC. It will become one of several specialist companies now group themselves around NNC at Booth's Hall, such as the consortium set up by Babcock, Aiton and PED to manage the big PWR pipework contract.

The basic principle of procurement for Sizewell B is that John Baker's project management team is negotiating large fixed-price contracts for the manufacture of entire sub-systems as "contract packages" worth of the order of £100m or more. Its job is to ensure that these sub-systems will fit together as snugly as pieces in a crossword puzzle.

But both Bruce Tait and the CEGB have their eyes on another target—overseas contracts for the PWR.

Outside a handful of nuclear nations like Britain and France, with centralised electricity systems, almost all orders for nuclear stations are negotiated piecemeal, with several countries helping with finance and expecting a slice of the engineering work. Britain has previously been largely excluded from this market.

According to Bruce Tait, Westinghouse is currently finding this market "more active than we have seen for ten years." Virtually all the interest is in the PWR, he claims. The principal competitors are Kraftwerk Union, Framatome, the Russians and Westinghouse.

A typical example, high on the agenda, is an Egyptian requirement specifying two PWRs worth about $2bn for a site near El Alemein. Westinghouse asked Samuel Montagu in London to arrange the financial package. The bankers say Westinghouse must be front-runner

One nation whose government has approved a substantial slice of the finance is Spain. Twelve years ago Spain had no nuclear industry, until it began its own nuclear power programme with the help of the U.S. nuclear industry. Today, Spanish industry is looking for export business in nuclear reactor parts ocmmensurate with the finance its government is guaranteeing.

# Men and Matters

### Employment for Shields

If the proposed all-party Employment Institute manages to establish itself, and be more than a passing ripple across the political sea, an important contribution is expected from ex-Treasury man John Shields, aged 36.

Shields' friends see his appointment as the institute's director of economic studies as his big break to make an independent name for himself in political economics. His new employers, the senior politicians and others backing the institute, see his expertise as crucial to the success of the venture.

At the Treasury Shields was considered A Very Bright Young Man. He was made a senior economic adviser some weeks before his 32nd birthday, and is said to have turned in exceptional work as a co-ordinator of short-term forecasts.

Shields is a strong supporter of the Labour party, a member of the Vauxhall-Clapham Town branch. A footnote for future Labour historians is that when Henry Neuberger left the Treasur yto work in Michael Foot's private office Shields took over his post.

Shields and the putative Employment Institute do seem to be made for one another. He is not attracted by the City or banking, and should find at the Institute an opportunity for a higher political profile. Had he stayed at the Treasury he was a strong candidate for a top level post.

### Cold work

The Eurocrats of the European Commission—so often the butt of cruel jibes—come in for unexpected support from their sternest critics in a report this week by tha budgetary control committee of the European Parliament.

In a poignant addendum to its conclusions, the report has found, seemingly to its own surprise, that "the dedication of many European civil servants is little known to the general public."

A full 10 per cent of the Commission's 2,414 A-grade staff, it points out, have been coming to work unpaid at weekends, with many forced to don overcoats in unheated buildings during the winter months.

The report assures us that such dedication is commonplace. But the authors cannot resist spoiling this novel image of Eurocracy by adding that the average annual days off sick per official came to 12—"which seems an exceptionally high figure."

Furthermore, in 1983 the Commission undertook 1,182 studies, at a cost of £18m. But of these, only 179 were published. "Does this mean that the other 1,003 were of little interest to anyone outside the Commission?" the report asks.

No doubt, the European Parliament will now want to launch another highly wasteful and expensive study to find out.


"I'm completely disorientated—is this TV-am or the late night news on BBC?"

### Staffas motors

Crappling with the financial and accounting problems of L. M. Ericsson, Sweden's sprawling telecommunications and business systems giant, has finally proved too much for Fritz Staffas.

Staffas, aged 52, chief financial officer of the group and a deputy managing director, is leaving electronics for the motor trade and property.

As the new chief executive of Philipson Invest he will be taking over one of Sweden's leading car distributors, including the general agencies for Mercedes Benz and Nissan, also interests in construction management and property.

It is not the first time he has surprised the Swedish business establishment by baling out of one of tha country's biggest corporations. At the end of the 1960s he left Svenska Cellulosa, one of Europe's leading forest product group's, where he had become vice-president at 35, to join in the formation of a construction company, Platzer Bygg.

Ericsson has been having a bad time in the last nine months with profits way off target during 1984 and the share price under heavy pressure. Its stock market worth fell by more than one-third last year. It has been having to run ever faster to try to hold its own in the cut-throat world market for office information systems, while investing heavily to make a big breakthrough in the U.S. public telecommunications market.

"I have a work burden at Ericsson that is difficult to carry," admits Staffas who has promised to stay with the group until November.

### Musical chairs

American baseball teams have been known to switch from New York to California at the flash of a cheque book. But until now, British orchestras have tended to stay in the city of their origin.

That could change if Bristol succeds in its negotiations to sign up the Bournemouth Symphony Orchestra and the Bournemouth Sinfonietta.

The two orchestras have been disillusioned with their native town for some time, mainly because the local council is allegedly mean with the subsidy.

As a result, the Arts Council has to pay out £960,000 a year, twice as much as any other provincial orchestra receives.

The Arts Council is keen on the switch, and so is Bristol. The orchestra also is responsive. It has already taken the first step in distancing itself from Bournemouth by moving its base to Poole.

All that remains, for the move to be agreed, is firm promises of support from regional arts associations, and some commercial backers.

The Bristol Symphony Orchestra should then overture at the Colston Hall, Bristol, in the autumn of 1986.

### Osmint back

The burning question being asked in the City of London is what will become of the Continental Illinois survey—the annual investors' guide which ranks individual stock brokers' performance.

It was doubted whether the survey, run by Geoffrey Osmint at CI for 10 years, would survive when he moved to NatWest's merchant banking arm, County Bank. Several rival surveys were launched.

But Osmint rides again. All will be revealed next week. He prefers not to reveal the new name of his survey. Nor how it will be reconciled with NatWest's part-ownership of brokers, Fielding Newson-Smith.

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POLITICS TODAY

# Labour escapes from its past

By Malcolm Rutherford

THERE is no doubt abont it: reports that there has been a significant recovery in the morale of the Labour Party in the last few weeks are true.

It is not so much that the party has e lead in the opinion polls. Measured against what has happened in former times, the Labour lcad is still elender. Indeed, a strong case could be made for saying that Mrs Thatcher's second administration, around mid-term, is doing remarkably well. The Prime Minister had no difficulty in dealing with Mr Neil Kinnock's criticisms of her Asian tour at Question Time in the House of Commons on Tuesday.

Labour has also yet to be tested against the SDP-Liberal Alliance, which for many months now has had no opportunity to shine in a Parliamentary by-election. And the party still scores own goals: witness tha way Mr Michael Meacher, the shadow Social Services Secretary this week went off on his own on a new plan for funding benefits. He seems not to have told his colleagues what he was doing: a sure recipe for getting in a mess.

Yet something deeper has changed. There has been a realignment of forces within the party. Tha battle has shifted from one section of the Labour Party fighting another to the Labour Party as e whole fighting the Government, and sensing that it might yet win.

It is very difficult to put a finger on precisely why and when the change came abont. Certainly the end of the miners' strike was a help. The people who called for a general strike —Mr Tony Benn and Mr Arthur Scargill, the NUM president—and failed to get it were seen to have heen defeated and shown to be unrealistic. The process of reselection of sitting Labour MPs has also turned out so far to be a fairly damp squib: very few sitting members hava been rejected.

Some reasons for the new confidence, however, may go heck over time. The party is admitting that during tha past 20 years or so it made many mistakes. The Labour administration that took office in 1964 promised more than it was able to deliver. There was then a reaction: the generation of 1968, the year of the student revolutions across Europe, which blamed Labour for not being radical enough.

The result was that Labour turned on itself. There was always a faction, manifest in the constituencies and at party conferences, accusing the Left of failure because it bad been insufficiently socialist. That trend continued throughout the 1970s and up to, and shortly after, the general election of 1983.

Neil Kinnock, John Smith and Roy Hattersley: shaping new economic and industrial policies

Yet 1968 is now e long time ago. Some of the younger Labour MPs went to university in the 1970s: Mr Tony Blair, the Member for Sedgefield, for example, and Mr Nick Brown, tha Member for Newcastle upon Tyne East. In turn they reacted against the extremism of the 1968 generation. They realised the simple truth that the party might do better if it worked together rather than fighting internal battles: seeking, if not Jerusalem, at least general improvements.

The extent of the defeat in 1983 took a while to sink in. Not only did the Labour share of the vote seem to be in continuing decline; there was also the new threat from the Social Democrats and the Alliance. Probably it needed the defeat of the miners' strika to show that much of the left-wing rhetoric stood for nothing. The far Left called for solidarity and got nowhere. No serious party can afford to ignore that lesson. It is a question of forging a Left that may not offer perfection, but is capable of winning power.

There have been several signs of this growing internal confidence and desire for unity in recent months. The Left no longer ettacks Mr Denis Healey, and indeed is rather grateful to him for staying on and giving the party the benefit of his experience and debating prowess. More than one prominent left-wing MP now regrets that Mr Healey did not become leader of the party several years ago.

Again, the meetings of the party's National Executive Committee have ceased to be the sort of sessions that Mr James Callaghan, when he was leader, used to dread. They have become attempts at making policy decisions rather than battles between factions.

Many Labour members were not impressed either by the party's campaign in the 1983 election nor by the Democratic Party's performance in the American elections last year. At home, they saw the continued internal divisions over defence policy and the failure to make headway on the issue of unemployment. In the U.S. they saw the Democrats trying to rely on the old coalition of blacks, the cities and the unions, plus a selection of single issue groups.

The Democrats, like Labour, sought to depend on past loyalties while taking a few trendier subjects on board. They no longer seemed lika a credible national party, capable of being alected.

The new mood in the Labour Party is based on talking about the future and being e party for the whole country, picking np votes in the south as well as just defending the northern strongholds.

Part of it le simply belated common sense. Labour bad to pull itself together, otherwise it would have gone on atrophying. There may also be something in the pendnlum theory of politics. Mrs Thatcher has been Prime Minister too long now for the electorate to go on giving her the benefit of the doubt.

Yet tha biggest single boost to Labour in the last few weeks came from the Budgat and the subsequent Government White Paper on Employment. The Budget, Labour thonght, was an anticlimax. Probably its effects can ba partially ramedied by falling interest rates in dne course and another go et tax-cutting next year. But, for Labour the White Paper was a godsend. It ravealed both all and nothing. It consists very largely of a list of the measures thet have been taken so far and suggests that there is nothing to come except more of the same micro, supply side changes. On that policy the Government will stand or fall at the next election.

The White Paper is thus a watershed. Can Labour, or anyone else, produce credible alternative economic policies before the election takes place? The announcement of the formation of the Employment Institute, backed by members of all parties and outsiders, this week confirms what has long been apparent. The question of jobs is now the over-riding issue in British politics.

In a quiet way, Labour's research on economic and Industrial policy has been advancing steadily in the last few months. The Jobs and Industry Campaign has already been launched and will run until the election. It is much more professional than the Labour Party used to be and a lot of old baggage is being jettisoned.

The starting point has been a little noticed document, Partners in Rebuilding Britain, published by the TUC-Labour Party Liaison Committee shortly before the election in 1983. A new and very much revised version should be available by July; the Liaison Committee is due to put the finishing touches to it at a meeting next Mondey.

What is notabla about it so far is the way it rejects old-style reflation as a panacea. "Most people think of Labour as a party that cares," says a hackground note based on private opinion polls, "that doesn't know how to generate wealth and that prints money to solve economic problems."

It goes on: "There is support for some of our policies taken individually—in particular for investment to develop new technologies and modernise traditional industries and for investment in infrastructure and training—but these are not seen as Labour policies. And there is considerahle concern for the unemployed, especially the young unemployed."

In other words, Labour is picking np some of the Tory themes of modernisation and competitiveness end seeking to make them its own, though in mora buman form. The old idea of pay norms or a formal incomes policy is likely to he out and the danger of over-emphasising the potential role of Government spending is repeatedly mentioned. Even the 1983 plan for an annual national economic assessment is being downgraded. Instead, all the stress is on increased co-operation between workforce and management at plant level

The object of the ettack is the Tory claim that management can be left to manage. The result of that, Labour says, is 4m unemployed. Employers left to themselves do not do enough in the way of training: the Government must give more of a lead. A prominent place will be given to a National Investment Bank.

Readers will judge for themselves the merits of the proposals when they become fully known. One should note, however, the change of theme. Labour is beginning to talk ebout the 1990s rather than harking back to the 1960s and 1970s. It is looking, too, to a new generation: the people between 15 and 24 who have known only the period of high unemployment since they left school.

Meanwhile, the strength and relative youth of the Labour front-bench team should not be underestimated. Mr Kinnock, Mr Roy Hattersley and Mr John Smith, perhaps the Labour spokesman whom Tories fear most, are working hard on new economic and industrial policies.

This is not a prediction, bnt time is no longer necessarily on the Government's side. The employment policies will have to begin to produce results, otherwise the electorate could switch to another tune. A Labour Party that has come to terms with itself could still be a formidable opponent, and a successful Party Conference in the autumn could make a lot of difference.

## Lombard

# Politics without policies

By David Buchan in Budapest

WANTED: A minimum of 85,704 Hungerian political candidates before May 15, 704 of them to aspire to national parliementary office and the rest to local council seats. Fifty per cent or less chance of success in the June 8 election. Salary: zero, expenses: exiguous. Qualifications: political conformity and ability to wage purely personal campaign egainst like-minded opponent without being too personal.

Hardly the sort of job advertisement likely to create a stampede to the candidate selection caucuses that began across Hungary this week. But it is precisely what the new Hungarian election law requires—two or more candidates to contest virtually every national and local seat. The aim is to introduce some political competition while keeping the one-party system firmly in being. In other words, a competition of people, not ideas, offering voters a choice of personality, not policy.

It was perbaps inevitable that the country which gave us Rubik's cube should attempt this political sleight of band. But Hungary's communist elite is not the only one in the region to try by such means to put some life back into the political process in the name of deepening "Socialist Democracy." A new Polish law requires multi-candidate local elections, and even Romania has carefully screened contests for a few of its national assembly seats.

The new law merely makes mandatory what has been allowed since 1971, when electoral contests were first permitted. Few opponents, however, ever came forward, and only a maximum of 5 per cent of local council seats and 1 per cent of parliamentary seats wera contested.

Why? One perfectly good reason for would-be contenders to stay home was that the prize of victory has not been worth the hassle of the hustings. Until recently, local councils had little power, while the parliament, et least in its four times a year plenary sessions, is still the classic Soviet-style rubber stamper of decisions already taken elsewhere.

But there are deeper, psychological problems at the root of this half-way house democracy. Every candidate has the same chance of winning because they must all stick to the same Communist Party programme. Hungarian officials point this out as though it were e major plus, and go on to make the non-sequitur that rivalry between candidates will be personal, but must not degenerate into "casling aspersions" on the personalities of rivals. Either these elections are going to be totally empty of content, like Miss World beauty contests, or some mud will be slung. It would strain human nature if candidatee, denied any other weapons, were not to fight each other on personal grounds.

Equally foreign to human nature is the idea, put about by the Hungarian authorities who are desperate to find the necessary 86,000 candidates, that candidates, defeated on personal grounds, should not take their defeat personally. The big edvantage of the western multi-party system is that a defeated politician, unless he or she does egregiously worse than the rest of his or her party, has plenty of alibis for consolation—the voters were too stupid to understand my policies, they weren't ready for such sensible policies, my rival mispresented my party's platform, and so on.

There can be no such alibis under the Hungarian system. As even Mr Imre Pozsgay, head of the People's Patriotic Front, the communist front organisation charged with prior vetting of all candidates, admitted this week: "If defeated, candidates will be defeated alone." He offers some incentives and palliatives. Unsuccessful can be proud they were even chosen to stand, and if someone gets 25 per cent of the vote in defeat, he will become a sort of stand-in to his victor. This, however, may not be enough. I have an additional bribe to suggest, e telephone for every candidate.

This brilliant idea is stolen directly from the small Hungarian bond market, where a local authority recently promised installation within three years of a telephone for every initial purchaser of its bonds. Three years' wait is short in phone-hungry Hungary. What must every MP have to give constituents the best service? A telephone, of course. And even better if there should turn out to be no constituents to use it.

# Letters to the Editor

## Executive salaries

*From the Managing Director, Webb-Bowen International*

Sir,—The recent pay increase for Mr John Harvey-Jones was patently justified, if one judges it by the performance of his company. For too long it has been accepted that the pay differential between top management and the work force should be smaller by comparison with most other countries. It seems that the conscience of British management has not allowed them to seek a large rise, principally because of the union menace (and also the all pervasive vice of envy?). When, however, one looks at what senior managers in America earn compared with other countries, and one sees the corresponding performance of American industry, one can only believe that large salaries for the top executives benefit the company as e whole. It is in this case that everybody in the company, from the top executive to the lowest paid worker, should benefit from either bonuses or share options. The reverse should also epply that if a company does badly, everyona should suffer by losing their bonus.

Lex (April 15) made the point that there should be much more responsibility accepted by non-executive directors in fixing the remuneration (both salary and bonus) of their executive colleagues.

So far this very important role is not one which many companies have been willing to delegate to non-executives. In France and Germany it is the members of the non-executive boards who determine the remuneration of tha senior full-time executive directors.

M. I. Webb-Bowen.
*27a, James Street, WC2.*

## Going through the roof

*From Mr L. Di Marco*

Sir,—On recent performance, Kenneth Corfield'e salary will be in the £1m bracket by 1988, and have broken through £100m by the millenium. It is high time that STC, ICI and BritOx formed units to market the talents of their chairmen.

In time I envisage the flotation of a new company founded by messrs Corfield, Harvey-Jones and Giordano on the USM. Something under the Sinclair banner seems appropriate, with Robb Wilmot as non-executive chairman. I feel sure they face strong competition from the rival consortium under Michael Edwardes.

Leon Di Marco,
*49, Essendine Road, W9.*

## Decontrol of rents

*From Mr A. Walker*

Sir,—Samuel Brittan's article (April 15) advocating the decontrol of rents demonstrates the consistent failure of neo-classical economists to consider the demand aspects of the private rented market. The rent that a prospective landlord requires to enter the area is determined by the market rate of return and the current value of the asset. This rent is less than the mortgage payments net of tax relief on the same property. Even if this relief were abolished, as Mr Brittan implies he might favour, house price inflation would mean that market rates would rise in line with current values, quickly overtaking tha mortgage costs on an equivalent property which are fixed by the historic purchasa cost.

The point is this: anyona who can afford market rents can afford to buy, end, given the relative edvantages of the latter, only the highly mobile would have any incentive to rent.

For those moving in search of the low paid jobs, which I suspect Mr Brittan has in mind, decontrol would do little unless it was accompanied by substantial increases in bousing benefit.

Andraw Walker,
Catholic Housing Aid Society.
*189a Old Brompton Road, SW5.*

## Anti-fouling paints

*From the Parliamentary Under Secretary of State, Department of the Environment*

Sir,—Mr Levick (April 16) refars to investigations by scientists at tha Government's Fisheries Laboratory into the effect on marine species of anti-fouling paints containing tributyl tin (TBT) compounds, which are produced by his company and others. His comments call for a number of factual corrections.

Problems with Pacific oysters alleged to be caused by TBT were first reported in 1981 by French scientists. Because the effect is particularly pronounced on Pacific oysters, whose shells become grossly deformed, early work in this country concentrated on this species. TBT was detectable in both water and oyster tissues et all sites where this species bad consistently failed to grow well in MAFF trials. Laboratory tests showed thet at concentrations of TBT typical of those found in the field surveys (0.1 to 2 parts per billion (ppb) in water) serious shell deformation occurred in yonng Pacific oysters. Field trials at sites with and without boats in clear end muddy waters (it had earlier been thought that Pacific oysters did not like muddy waters) produced effects identical to those predicted from laboratory tests; shell deformation occurred only in those estuaries where boats were moored, and only in those estuaries was TBT detectable in the water and oysters.

In the last year further laboratory tests have been carried out which suggest thet the larval and juvenile stages of several other marine species are adversely affected by concentrations of TBT at or below those detectable by current analytical techniques (ca 0.1 ppb in water). Recent laboratory tests with the Native Flat oyster have shown that reproduction in this species is seriously affected at 0.2 ppb TBT in water.

Many publications in tha scientific literature support the findings of the Government's scientists, including some referring to growth of marine phytoplankton being stopped by concentrations of TBT as low as 0.06 ppb in water, i.e. well below those found in some estaurine waters. This is the basis of the statement in my previous letter. Mr Levick misleads by referring to the higher concentrations required to kill marine phytoplankton, but in this case stopping or even inhibiting growth is cause enough for concern.

William Waldegrave.
*2, Marsham Street, SW1.*

## Pension fund managers

*From Mr K. Jecks*

Sir,—I was interested to read Mr Freethy's letter of April 13 commenting on Eric Short's article about the effects of dollar hedging on UK pension fund performances. Unfortunately, Mr Freethy appears to have misunderstood the points made in tha report on which the article was based.

There are four questions raised by our 1984 general report: Is hedging of currency risks appropriate for pension funds? Most economists would agree that, in the long term, the value of any currency will reflect the underlying strength of that country's economy. Although, say, the dollar may fall in the short term, if the reason for investing in the U.S. is because of the basic economic strength of thet country, this factor will also be reflected in the long term comparative position of the currency.

Are fund managers genuinely "hedging" portfolios? It is common for an industrial company, where payment for goods or services is due in a foreign currency in, say, three months, to sell that currency three months forward so that the payment is totally insulated from thy currency movement in the nterim. The situation with pension funds is utterly different. Managers have hedged their dollar exposure by selling dollars forward. This would only insure portfolios against currency fluctuations if the overseas portfolio were to be repatriated at the end of the hedging period—typically six months. Alternatively, the objective could be met if the hedging were to remain as a permanent feature of the overseas portfolio. In practice, most portfolios remain invested in the U.S. for many years, and the hedging operations are only short-term in nature. Under these circumstances, selling dollars forward is therefore not "hedging"—it is really an investment decision, aimed at making money from a falling dollar. This we would not condemn in itself, if fund managers had expressed it in these terms to their clients, but if they had done so, how many trustees would have been happy to allow their pension funds to have been involved in currency speculation, with all the ettendant risks? Losses achieved in 1984 were real, met from cash balances as opposed to selling overseas securities. Our comments are not in any way "subjective," as stated by Mr Freethy—they are based on fact.

Does measurement of performance result in a change of philosophy by investment managers? If the hedging operations made by investment managers in 1984 were inspired by a desire to improve short-term performance comparisons (and a number of managers have privately admitted to me that they were), then this is a case of "the tail wagging the dog." Performance measurement is an essential element of the efficient administration of a pension scheme, but its function is to monitor the actions of the fund manager—not to influence them.

In making criticism, is Cubie, Wood simply speaking with the benefit of hindsight? Wa have been arguing this case for over a year, and although the magnitude of losses has sharpened the argument somewhat, we heve believed that it is appropriate to question hedging operations.

Keith M. Jecks,
Cubie, Wood and Co,
*P.O. Box 144, Norfolk House, Wellesley Road, Croydon.*

## Workers all

*From the Managing Director, Industrial Aids*

Sir,—I was interested to read in Men and Matters (April 17) that one of the ten new partners et Touche Ross is a wife and mother. Are the other nine busbands and fathers?

(Miss) Norvela Forster.
*14, Buckingham Palace Road, SW1.*

FINANCIAL TIMES

Friday April 19 1985



# Washington appears ready for Mid-East peace role

By Tony Walker in Cairo

CLEAR SIGNS that Washington is again preparing to play an active role in efforts to end the Arab-Israeli conflict emerged yesterday at the conclusion of talks between Mr Richard Murphy, U.S. Assistant Secretary of State for Middle East Affairs, and Egyptian officials.

According to Egyptian sources Mr Murpby did more listening than talking in meetings over the past few days with President Hosni Mubarak, Foreign Minister Esmat Abdel Meguid, and Prime Minister Kamal Hassan Ali, but they concluded that the U.S. was prepared to commit itself to renewed efforts to revive the stalled peace process.

Mr Murphy would only say that his discussions covered "a wide range of subjects in an open, candid manner." The U.S. envoy had already visited Jordan and Israel and was going on to Syria and Saudi Arabia in a tour described by American officials as "exploratory."

Washington appears seriously interested in President Mubarak's proposal for first-stage discussions between the U.S. and a joint Jordanian-Palestinian delegation, leading to possible direct Arab-Israeli talks. U.S. and Jordanian officials are understood to have had preliminary discussions about the mechanism for such a meeting.

The U.S. public position is that it will not have dealings with the Palestine Liberation Organisation and that the West Bank issue should be dealt with by the Israelis and Jordanians. But officials in Cairo and Amman bope that a compromise formula can be arrived at that would allow U.S. involvement in a new round of peace talks broadly along the lines suggested by Mr Mubarak.

Officials here note that King Hussein of Jordan will meet Presideot Ronald Reagan in the U.S. next month. They say the visit could mark an important stage in efforts to revive the peace process.

King Hussein has managed to draw Mr Yassir Arafat's mainstream PLO into a moderate grouping with Egypt to pursue peace, and the Hussein-Arafat accord on February 11, which embraces the principal of "exchanging land for peace," is widely regarded as a possible watershed in Middle East peace making efforts.

Western diplomats in Cairo are saying the apparent U.S. willingness to play a more active Middle East role follows Mr Mubarak's visit to Washington in March. The Egyptian leader is credited with encouraging a reassessment of American policy, which had been to remain on the sidelines.

Meanwhile, senior Egyptian officials are saying that a proposed summit meeting between Mr Mubarak and Mr Shimon Peres, Israel's Prime Minister, is unlikely to take place in a "matter of weeks" as suggested by Mr Ezer Weizman, Israeli minister without portfolio, in Cairo this week.

U.S.-Israeli production of ships and missiles agreed. Page 4

# Bonn team to study role in star wars research

BY RUPERT CORNWELL IN BONN

WEST GERMANY will send a team of experts to the U.S. to examine the basis for a possible German stake in research into the controversial space-based Strategic Defence Initiative (SDI).

The announcement was made yesterday by Chancellor Helmut Kohl in a keynote speech to the Bundestag, in which be gave his basic approval for the start of work by the Americans on an anti-missile defence system based in space.

His stance contrasted strongly with the outright hostility to SDI displayed by the opposition Social Democrats (SPD), who argued that the U.S. scheme would make arms control more difficult, set off a new weapons race between the superpowers, and reduce the security of Europe.

Chancellor Kohl argued that a decade's work already carried out by Moscow into a space-based system gave every justification for Washington to start research of its own without breaching the existing anti-ballistic missile (ABM) treaty of 1972.

Herr Kohl made it clear, however, that West Germany would take part in the research work only if it were guaranteed a "fair partnership" in the technology that would be involved.

"We have to be interested in securing access for our own industry to results from the research, which could have major civilian applications," he said. "But we must also make sure that Germany and Western Europe do not fall into a second class technological dependency on the U.S."

He stressed that Bonn would not be pushed into an early decision. Mr Caspar Weinberger, U.S. Defence Secretary, set a 60-day deadline in his formal offer on March 26, but this was subsequently dropped.

West Germany will base its final decision on three considerations: the outcome of expert discussions in Washington; the result of talks between Government and interested industry in Germany; and consultations with its European partners.

The bope is to arrive at a joint European stance on the SDI question. Although the topic is not formally on the agenda of the meeting of defence and foreign ministers from the Western European Union (WEU) in Bonn on Monday and Tuesday, the issue of a joint position of the seven countries involved – the original EEC six plus Britain – is bound to overshadow next week's proceedings. Ten days later Chancellor Kohl will take up SDI with President Ronald Reagan during his state visit to West Germany. Bonn is doubly keen to reap adequate technological benefit from participation after the bitter row over its acceptance of an admittedly inferior U.S.-made aircraft identification system for the German air force.

Herr Manfred Wörner, the Defence Minister, insisted this week that be would veto the deal if proper compensatory arms contracts were not placed in West Germany by the U.S. Even this belated defiance has not, bowever, stopped demands for his resignation

# Airlines disagree on Laker anti-trust action

By Duncan Campbell-Smith in Geneva

BRITISH AIRWAYS' (BA) attempt to seek an out-of-court settlement of the $1.05bn Laker Airways anti-trust suit is balanced on a knife edge after five months, after an apparently abortive meeting yesterday between BA and its fellow airline co-defendants in Switzerland.

The suit, launched In November 1982 on behalf of Laker Airways creditors by its liquidator Mr Christopher Morris of accountants Touche Ross, alleges that BA and other international airlines conspired to force Laker out of business. The company failed in February 1982.

Sir Freddie Laker and Mr Robert Beckman, his U.S. attorney, are posing an acute dilemma for the 10 airlines involved by keeping up an aggressive stance towards repeated attempts to include them in the proposed settlement. The airlines yesterday failed to agree on a solution.

Sir Freddie and Mr Beckman have refused to make any formal response so far to the $16m offer presented to them as a part of a total settlement now thought to be worth just over $70m. Instead, the two men are believed to be pressing for compensation nearer $20m.

BA is known to be anxious to reach a binding deal with them, alongside a comprehensive agreement with all the creditors of Laker Airways represented – by Mr Beckman, In his other capacity as counsel to the Laker liquidator – in the U.S. anti-trust suit.

The UK flag carrier is now insisting that, to clinch any final negotiation with Sir Freddie in the days ahead, it needs the formal backing of its co-defendants – which they have again refused to give.

Mr Bill Park, of London solicitors Linklaters & Paines, who act for BA, chaired a meeting in Geneva's Penta hotel that began at 8 am yesterday and continued into the afternoon. Originally scheduled for Wednesday evening, the meeting was arranged at the last minute to allow both TWA and Pan-American, the two U.S. airlines cited in the suit, to be represented.

If that was a measure of the meeting's importance, its detailed outcome must be a serious disappointment to BA. In addition to the problem of Sir Freddie, the airlines still seem some way from agreeing on the aggregate size of the settlement and their individual contributions to it.

They are all agreed on the desirability of a settlement, which BA now seems confident that it can persuade Laker Airways' creditors to accept. But if none of the airlines is prepared to commit itself to a package until Sir Freddie is paid off, the pressure on BA to take care of that aspect on its own – giving the green light to privatisation of the airline – seems bound to be intense.

BA has been advised that settlement of the case is essential before it can press ahead with privatisation.

BA has consistently emphasised that any settlement must include Sir Freddie and be funded by all the co-defendants together

AMR air fare deal boosts revenues, Page 17

# Entrad fails in bid for Tootal after J. Rothschild intervention

BY CHARLES BATCHELOR IN LONDON

TOOTAL, Britain's fourth largest textile group, yesterday defeated the £128m ($165m) takeover bid from its Australian counterpart, Entrad, after a bitter 10-week battle. Entrad blamed its defeat on the surprise intervention of J. Rothschild Holdings, Mr Jacob Rothschild's investment company, on Wednesday.

Despite the failure of the Entrad approach, Tootal's future remains unclear. The company now has two large shareholders who, following further share purchase by Rothschild yesterday, now hold a combined 38.1 per cent of its shares.

Entrad, which was bardly known in the UK before launching its bid in February, yesterday acknowledged defeat after gaining acceptances from shareholders owning just 6.3 per cent of Tootal's equity. Together with the 29.9 per cent holding built up by Entrad in recent months, this would bave given the Australian company control of only 36.2 per cent of Tootal.

Mr Rod Hartley, managing director of Entrad, said: "Rothschild's appearance on the scene was like being sbot by a sniper's bullet. We never even saw him.

"Until the announcement of Rothschild's shareholding on Wednesday we were confident of gaining control of Tootal. The nature and timing of Rothschild's actions were clearly calculated to frustrate our offer."

Entrad has yet to decide what to do with its 29.9 per cent stake in Tootal. It could wait a year before relaunching a bid, though the cost of financing its shareholding would be heavy. It could place the shares with one buyer, which might itself then launch a bid, or it could sell the shares to a number of buyers.

Rothschild yesterday bougbt a further 3m Tootal shares, taking its holding to 14.6m shares, or 8.2 per cent of Tootal's equity. Rothschild denied it was acting for anybody else, and repeated Wednesday's statement that the bid was too low and the shares were an attractive investment.

Vantona Viyella, another leading British textile concern, yesterday ruled out that it would make a bid for Tootal. Earlier in the course of the bid Vantona appeared ready to consider merger talks if the Entrad bid failed.

Entrad said the failure of the Tootal bid had not dampened its enthusiasm to expand both in Australia and abroad.

Tootal's shares fell 1p yesterday to 74p after Entrad announced the failure of the bid.

Rothschild's purchases belped keep Tootal's shares around the 74½p level of the Entrad bid over the past 10 days. But Tootal has also been helped by its forecast of a sharp profits increase to at least £27m in the year ending January 1986 from nearly £23m last time.

Entrad's offer comprised 72½p cash for every Tootal share and a promise that Tootal shareholders could keep a 1.87p dividend.

# American Motors seeks cuts

BY TERRY DODSWORTH IN NEW YORK

AMERICAN MOTORS, the U.S. affiliate of Renault, the French state motor group, is planning radical cuts of around 25 per cent in its "controllable" personnel and non-personnel costs to improve its long-term profitability.

News of the cuts leaked out In advance of the company's annual meeting later this month, when it will give full details of its proposals. American Motors said yesterday that it could not elaborate on the plan at the moment, but added that "every department" would be required to reduce expenditure.

Wall Street analysts believe that the group, which bas a total North American payroll of 22,000, will shortly announce a loss for the first quarter of this year. This would be the first quarterly deficit since the third quarter of 1983, since when the company bas pushed up revenue and volume to achieve net profits of $15.5m in 1984.

The move to trim costs reflects sagging sales of American Motors' cars over the last 12 months or so. Shipments of the U.S.-produced Alliance and Encore models – based on the French Renault 9 – have fallen from 53,500 units in the year to April 15 1984 to 34,500 in the following 12 months, while imported models have dropped from 3,580 to 2,630.

The company has recently been forced to introduce lavish incentives, including an 8.5 per cent financing package and improved warranties, in a bid to boost sales.

Sales to its Jeep model range, the traditional American Motors line, have been more buoyant, rising from 37,900 units a year ago to 41,200 this year. American Motors is proposing to expand this range considerably over the next year, but its next new car will be an intermediate-size model based on a French car. It will be built at its Branton plant in Ontario.

The group bas two other plants in North America, at Kenosha, Wisconsin, and Toledo, Ohio.

# Sweden drops plan for Y100bn loan

Continued from Page 1

The failure of the first large Euroyen credit has meanwhile left that market in serious disarray.

"I am worried that other possible borrowers such as Australia, Canada and France will not come in. They will not accept a ¼ per cent margin," said Mr Sumio Fukushima, assistant general manager of Sumitomo Bank in London.

Like some other Japanese bankers Mr Fukushima said he was concerned that the concerted effort by no fewer than 12 leading Japanese banks to block the deal would be perceived internationally as contrary to the spirit in which the yen markets have been progressively liberalised over the past year.

# Lower growth in U.S. prompts sharp fall in $

Continued from Page 1

the economy, but Mr Baldrige maintained that government spending would be stronger in the second quarter. Capital expenditure surveys also suggested that investment should rise strongly through the rest of the year.

The fact thot real U.S. economic growth has been below 2 per cent in two of the last three quarters will tend to increase existing concern about the ability of the U.S. to continue to boost world economic growth as it did last year, and reinforce calls for Europe and Japan to adopt more stimulative economic policies. Mr Baldrige himself added his voice to that of Mr Paul Volcker, Federal Reserve Board chairman yesterday in calling for more economic stimulation by other industrialised countries.

The slowdown will also tend to increase speculation on Wall Street that the Federal Reserve Board might move to ease monetary policy. But Mr Baldrige pointedly remarked that be was not unhappy about Fed monetary policy at present, and private economists point out that, with the money supply expanding above target and the risk that Fed stimulation migbt only suck in higher imports – Fed policy could remain unchanged.

Short-term interest rates, however, bave been falling quite sharply in recent weeks as the economic slowdown has become apparent.

In New York, the downward revision in the GNP forecast prompted a further flurry of early activity in the Wall Street markets as U.S. short-term interest rates fell again sharply, bond prices jumped and the dollar dropped through the DM 3 level.

Money market rates dropped sharply on the GNP news, pushing back towards their 12-month lows reached in late January. The overnight Fed funds rate fell to 7.75 per cent, while short-term Treasury bill rates dropped by between 13 and 25 basis points. At lunchtime the three-month Treasury bill rate was quoted at 7.65 per cent, down 13 basis points on the overnight close.

The sharp drop in rates, and the prospect that a slowing economy will cool private-sector borrowing needs, belped to sustain the recent sharp bond market rally. By midday the Treasury long bond was up almost 1¼ full points at 110[11]/32 to yield around 11.28 per cent.

The dollar's misfortunes brought a 1.3 cent gain for sterling, which closed in London at $1.2915 after earlier reaching $1.30.

The sterling index, which measures the pound's value against a basket of currencies, rose 0.2 points to 79.6, its best level for 10 months.

The pound's gains led to a sharp fall in interest rates on the London money markets, which was further encouraged by figures showing that public-sector borrowing fell short of the UK Government's latest forecast in the 1984-85 financial year.

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 17 | 63 | Dubrovnik | F | 17 | 63 | Malaga | S | 28 | 82 | Salzburg | C | 10 | 50 |
| Algarve | S | 21 | 70 | Faro | S | 22 | 72 | Malta | F | 16 | 61 | Seoul | S | 16 | 61 |
| Algiers | - | — | — | Florence | F | 15 | 59 | Manila | S | 35 | 95 | Singapore | C | 33 | 91 |
| Amsterdam | S | 10 | 51 | Frankfurt | S | 15 | 59 | Miami | C | 25 | 77 | Stockholm | S | 9 | 48 |
| Athens | F | 19 | 66 | Funchal | C | 17 | 63 | Milan | C | 15 | 59 | Strasbourg | S | 15 | 59 |
| Bahrain | S | 30 | 86 | Geneva | S | 12 | 54 | Moscow | R | 7 | 45 | Sydney | S | 20 | 68 |
| Bangkok | S | 35 | 95 | Gibraltar | S | 26 | 79 | Munich | F | 9 | 48 | Taipei | S | 27 | 81 |
| Barcelona | S | 17 | 63 | Guernsey | S | 15 | 59 | Nairobi | C | 24 | 75 | Tangier | S | 23 | 73 |
| Beirut | S | 25 | 77 | Helsinki | F | 8 | 46 | Naples | F | 13 | 55 | Tehran | - | — | — |
| Belgrade | C | 14 | 58 | H. Kong | C | 24 | 75 | New Delhi | S | 36 | 97 | Tel Aviv | S | 23 | 73 |
| Berlin | F | 16 | 61 | Innsbruck | F | 10 | 50 | New York | C | 15 | 59 | Tenerife | S | 23 | 73 |
| Biarritz | S | 19 | 66 | Inverness | C | 7 | 45 | Nice | S | 18 | 64 | Tokyo | C | 11 | 52 |
| Blackpool | S | 15 | 59 | Istanbul | C | 11 | 52 | Oporto | S | 20 | 68 | Toronto | F | 20 | 68 |
| Bordeaux | S | 19 | 66 | Jersey | S | 17 | 63 | Oslo | F | 9 | 48 | Tunis | C | 14 | 57 |
| Brussels | S | 16 | 61 | Jo'burg | S | 23 | 73 | Paris | S | 16 | 61 | Valencia | S | 20 | 68 |
| Budapest | C | 12 | 54 | Las Palmas | S | 21 | 70 | Prague | S | 13 | 55 | Venice | S | 17 | 63 |
| B. Aires | F | 21 | 70 | Lima | S | 25 | 77 | Reykjavik | F | 6 | 43 | Vienna | C | 11 | 52 |
| Cairo | S | 27 | 81 | Lisbon | S | 22 | 72 | Rio de Ja | C | 34 | 93 | Warsaw | S | 13 | 55 |
| Cape Town | R | 16 | 61 | Locarno | S | 17 | 63 | Rome | S | 22 | 72 | Zurich | F | 11 | 52 |
| Caracas | C | 29 | 84 | London | S | 17 | 63 | | | | | | | | |
| Casablanca | C | 25 | 77 | Los Angeles | S | 20 | 68 | | | | | | | | |
| Copenhagen | S | 13 | 55 | Luxembourg | S | 13 | 55 | | | | | | | | |
| Corfu | F | 18 | 64 | Madrid | C | 23 | 73 | | | | | | | | |
| Dublin | S | 13 | 55 | Majorca | S | 21 | 70 | | | | | | | | |

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder H–Hail

# Lockheed continues profit recovery

BY WILLIAM HALL IN NEW YORK

LOCKHEED, the California-based defence contractor which ran into financial problems in the 1970s, is continuing its sharp profits recovery and yesterday reported a 24 per cent rise in first-quarter net income to $84m.

Mr Roy Anderson, Lockheed's chief executive, said that the improved earnings were largely the result of increased sales which produced higher programme profits – $156m in the latest quarter compared with $133m in the previous corresponding term.

The group's sales rose 31 per cent to $2.1bn in the first quarter. The U.S. Government accounted for 89 per cent of the total group revenues and 80 per cent related to defence work. Sales to foreign governments accounted for 8 per cent and commercial customers accounted for 3 per cent.

The group's funded order backlog fell from $9.4bn at the end of 1984 to $8.9bn at the end of March. Funded sign-ups during the first quarter totalled $1.7bn compared with $2.3bn a year ago. In addition to the group's funded order backlog, the company bad $13bn of orders which had not yet been allocated funds.

Underlying the group's rapid return to financial health, Lockheed notes that its shareholders' equity rose $76m to $1.15bn at the end of the first quarter of 1985.

This compares with, total debt of $447m at end March, 1985. This figure consists of short-term bank loans or commercial paper.

The group's workforce rose by another 900 to 82,200 in the first three months of 1985.

## THE LEX COLUMN

# Uncle Sam runs out of breath

If the U.S. recovery bad merely got lost in the post, along with Mr Baldrige's tax refunds, even yesterday's sharp down-grading of the first-quarter GNP might not have put much pressure on the dollar. But for once the drift of the official statistics is beginning to fit in with the market's preconceptions; the chronically overvalued dollar at last appears to be producing the expected consequences in the U.S. economy – consumption has been flowing into rapidly rising imports, as exports flag, while the GNP deflator persists in showing higher U.S. inflation than the international currency markets have become used to expect. These are not the conditions in which to expect a strong dollar.

Although the Federal Reserve's concern not to undermine any more thriftless banks may stop it from tightening – as the markets seem to agree – it may equally well refrain from a policy of lower interest rates. It is, in any case, not the Fed's primary duty to keep the economy moving, and the chances are that the main effect of easier money would be a stimulus to the consumer imports which are widening the current account deficit. So yesterday's fall in the Fed funds rate seems rather less of a clue to the Fed's future stance than the firmer bond market which accompanied it.

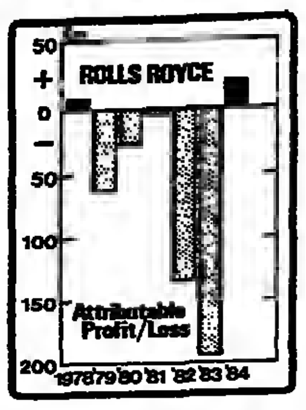
Outside the U.S., a weaker dollar, and signs of a weakening American economy, open up a range of opportunities which must seem quite cornucopian to the pessimistic authors of the IMF outlook. Apart from the obvious window for a cut in UK bank base rates – which may extend to a full point if the clearers are prepared to rush the authorities – there is even a possibility that European governments can earn some unfamiliar kudos by a concerted easing of fiscal policy, doing good by doing well out of a sliding dollar.

### Takeover Code

The new loose-leaf UK Takeover Code is an immeasurable improvement on its predecessor. The material is more sensibly presented and the rules are expressed in a fashion intelligible to the layman. Even without the accompanying rule changes, it would be a snip at £12 a copy.

The most important single change is the simplification of the substantial acquisition rules, which were introduced in haste and have always operated unfairly against an offeror. So long as the 30 per cent barrier remains in place, there seems no reason to stop an offeror from taking advantage of a market price to pick up shares. The revisions retain enough safeguards to prevent a whirlwind takeover, while putting the offeror on more even terms with prospective counterbidders and arbitrageurs.

The exemption of underwritten cash alternatives from the new restrictions on shut-off bids looks tailor-made for the underwriting community but the changes should at least reduce the incidence of alternative offers being used to stampede shareholders into acceptance. Another favoured stampeding tactic – the absolutely final but conceivably subject to revision offer – bas been effectively outlawed, and quite right too.




### Rolls-Royce

The retention of a £20m profit by a company which generates £1.4bn of sales and supports capital employed of about £700m might not be thought much of an achievement. But for Rolls-Royce, which has reported attributable losses for five successive years, the emergence of any profit at all is cause enough for celebration. Privatisation still looks a good distance off but at least the idea can now be presented with a straight face.

Rolls could not, of course, be sold in anything like its present form. The deficit on revenue reserve stands at over £300m and shareholders' funds exceed net debt only thanks to a handy £100m prepayment. But, even assuming that the UK Treasury displays uncharacteristic generosity in its reorganisation of the balance sheet, it is far from evident that Rolls could reach the private sector in the lifetime of this parliament, as the Government intends.

Its policy of collaborating on new engine development will reduce its exposure to any single product risk and will contain the R & D bill – which still stands at 9 per cent of sales – but Rolls will remain vulnerable both to movements in the sterling/dollar rate and to spending cuts by either defence departments or commercial airlines. In a dollar-based market dominated by two very large U.S. competitors, it is not much fun being the small guy in Derby. United Technologies' power division – largely Pratt & Whitney – reported 1984 operating profits of $348m on sales of $5.4bn.

In its favour, Rolls can point to the benefits of heavy capital investment and impressive gains in labour productivity. On the civil side alone, the order book now totals £800m. Rolls has made great strides in the direction of the stock market, but there is a long way still to go.

### Harris Queensway

Rumblings from the joint venture with Debenhams have been souring the market's view of Harris Queensway for months past, as the obvious difficulty Harris has experienced in revamping Debenhams' furniture and electrical floors has simultaneously trimmed profit expectations for Harris and stoked up the bid speculation over Debenhams: it is Debenhams's share price, not Harris's that has been scaling new peaks lately.

The £4.5m which this relationship cost Harris at the trading level may, as Harris insists, be an entry fee, equivalent to the goodwill it didn't pay in the original deal with Debenhams. But that only suggests that Debenhams drove the better bargain over such matters as damaged or otherwise immovable stock.

On the bright side, stock write-downs should now be over with, and it should be possible for Harris to turn a profit in its Debenhams business even without achieving major improvements in efficiency. Given a credible 20 per cent sales growth in its main-line business it is easy to see pre-tax profits getting near £40m this year. But that was well and immediately discounted in the 20p that the price recovered yesterday; with a sub-3 per cent yield at 212p, the shares are now out of the bargain basement.



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PROVISION FOR BHOPAL DISASTER HITS UNION CARBIDE

# Dow Chemical profits drop 17% in quarter

BY WILLIAM HALL IN NEW YORK

DOW CHEMICAL, the second biggest U.S. chemicals group, yesterday reported a 17 per cent drop in first-quarter net income to $110m while Union Carbide, another leading U.S. chemical group, reported a 34 per cent drop in net income to $71m.

Both companies said, however, that their first-quarter performance was a big improvement on the final quarter of 1984 when earnings were hit the dollar's strength and a weaker-than-expected demand for chemicals in the U.S. Dow earned $85m in the final quarter of last year and Union Carbide says that its first quarter net income was more than double that of the final 1984 quarter if a $18m extraordinary charge relating to the costs of the Bhopal chemical leak tragedy in India was excluded.

Mr Paul Oreffice, chief executive, said that continued emphasis on controlling manufacturing-related costs yielded good results and higher sales volumes produced improved operating rates. Dow's sales in the first quarter declined from a restated $29bn in 1984 to $2-7bn.

Dow has restated last year's figures to reflect the removal of most foreign inventories from the last-in, first-out (Lifo) inventory accounting method. The Company says that the first in, first out (Fifo), or average cost methods, will be used to provide a better matching of costs and revenue.

Dow earned 58 cents per share in the latest three months compared with 67 cents a share.

Mr Oreffice noted that the pricing environment stabilised the latest quarter with price increases realised on several products, including glycerine and vinyl chloride. Prices for basic chemicals and plastics, however, were still below the levels of the early 1980's and a year ago, Dow said, the strong U.S. dollar has pulled in substantial imports and this created pressure on U.S. domestic prices.

Union Carbide, which earned $1.01 a share in the latest quarter against $1.51 a share a year ago, said that the decline was primarily because of lower sales volume. It singled out petrochemicals, metals and carbon products as the weaker markets. The slow down which had begun in mid-1984 coatinued through the first three months of 1985. First quarter sales fell 9 per cent to $2.17bn.

Union said that its metals and carboa products operations suffered a 27 per cent sales declina in the fourth quarter and petrochemical sales were 14 per cent lower.

Dow repeated its belief that its special chemicals business remained the strongest part of its overall operations and would continue to contribute significant long-term growth for the company.

# Earnings slump at Texas Instruments

By Louise Kehoe in San Francisco

TEXAS INSTRUMENTS, the largest U.S. semiconductor maker, has reported dramatically reduced profits for the first quarter, dashing hopes within the industry of an impending return to market growth.

The company announced that its net income had fallen to $9.1m, or 37 cents a share, from $79.8m, or $3.32 a share, in the first quarter of last year. Sales were down from $1.34bn to $1.29bn. Its share price fell $5⅞ to 104¼ on the news.

The company also announced that it would cut its workforce by another 1,000 people and keep the remaining production workers on a short-work schedule during the second quarter. Texas Instruments made 2,000 workers redundant in December.

The company blames its problems on the cootinuing decline in semiconductor demand and severe price pressures. Texas Instruments, as the leading U.S. manufacturer of commodity memory devices has been particularly hard hit by a sharp reduction in prices.

"It became appareat in the first quarter that order rates for electronic equipment have also weakened," said Mr J. Fred Bucy, president and chief executive officer.

# Charge pushes Control Data back into the red

BY PAUL TAYLOR IN NEW YORK

CONTROL DATA, the troubled diversified U.S. computer and computer products group in the midst of a major retrenchment, plunged back into losses in the first quarter, mainly because the Ohio savings bank crisis forced its credit unit to take a $11.6m, or 30 cents a share, charge.

Tha Minneapolis-based group, which earlier this moath announced a further round of "substantial" job cuts in its computer peripherals products group, reported a first-quarter loss of $9.2m compared with a $31.7m profit or 82 cents a share, on revenues which grew marginally to $1.204bn from $1.19bn a year earlier.

The company noted that the latest results reflected the impact of the first quarter charge made necessary by the Ohio savings bank crisis which followed the collapse of ESM Governmant Securities, a small Florida-based government bond dealer.

The charge had been expected because Control Data's commercial credit subsidiary operates the 110-branch City Loan and Savings Company of Lima, Ohio, one of the thrifts temporarily closed down by Governor Richard Celeste after a run on the deposits of the privately insured savings banks. City Loan and Savings had contributed $21.4m to the private insurance scheme, the funds of which were depleted by the failure of Home State Savings last month.

Control Data noted that the charge was made necessary because City Loan and Savings stands to lose its deposits to the guarantee fund.

The company, which reported its first quarterly loss for 10 years in the third quarter last year after its decision to pull out of the IBM plug-compatible equipmeot market, managed to return to profitability in the final quarter of 1984.

● Amdahl, the California-based manufacturer of IBM-compatible computer equipment io which Fujitsu of Japan has a large minority shareholding, expects earnings and shipmeats of its products to improve later this year after reporting an almost flat performance during the first quarter.

# Zellerbach optimistic despite setback

By Our Financial Staff

CROWN ZELLERBACH, the San Francisco-based forest products group which is the target of an unwelcome bid from Anglo-French financier Sir James Goldsmith, reported a $2m fall in net profit to $19.2m in the first quarter. The company said earnings were affected by a strike, lower gains on land sales, the cost of new ventures and higher interest.

Earnings a share dipped to 56 cents from 64 cents. Sales for the quarter rose to $762m, from $708m a year earlier.

Crown says it expects profits to rise for the rest of the year compared with 1984, where the net profit was $103.8m.

First-quarter earnings were also up sharply at Scott Paper, the U.S. paper tissues group. The net return advanced from $34.2m, or 70 cents a share, to $42.1m, or 87 cents, while sales edged up from $588.8m to $696.2m.

At Fort Howard Paper, another leading forest products concern, net earnings rose from $29.6m, or 94 cents a share, to $33.2m, or $1.05, on sales up from $306.3m to $308.7m.

# Hilton in talks on hotel sale

LOS ANGELES – Hiltoo Hotels has considered an offer and authorised coatinuing negotiations for the sale of its yet unopeoed Atlantic City hotel and gaming complex to Mr Donald Trump, real estate eatrepreneur.

Hilton said it intended to continae to press for a gaming licence from the New Jersey state Casino Control Commission, but is continuing talks with Mr Trump "to protect the investmeat interests of our company and shareholders."

Reuter

# AMR air fare deal boosts revenue

By Our Financial Staff

AMR, the parent company of American Airlines, bas reported first-quarter earnings of $60.2m, close to the record $60.3m which it achieved in the same period last year. Net profits a share, at $1.12, were almost equal to the $1.13 earned a year earlier, while sales of $1.39bn were up 9.4 per cent on the $1.27bn previously.

Mr Robert Crandall, chairman, said he was pleased with the first-quarter result, which has been achieved despite a $6.8m decline in operating income from $100.1m to $93.3m – corresponding to a 7 per ceat drop in yield (average revenne per passenger mile). That drop was, bowever, offset by a 17.1 per cent increase in revenue passenger miles.

In common with other U.S. airlines, American has found itself dragged into a fares war, which brought a sharp fall in profits during the final quarter of 1984.

# Republic New York lifts performance

BY OUR FINANCIAL STAFF

REPUBLIC New York, parent of Republic National Bank of New York, lifted first-quarter net earnings from $22.8m, or $1.38 a share, to $29.3m, or $1.42, a year ago. Provisions for loan losses increased to $63.2m at the end of March from $53.6m.

Earnings also rose at First Bank System, the Minneapolis-based multibank holding company. Net profits in the first quarter advanced from $14.2m to $17.9m, while assets rose from $7.37bn at the end of the 1984 quarter to $8.33bn.

Bank of Boston, the New England banking group that was fined $500,000 in February for not reporting certain international cash transactions, boosted first-quarter net earnings from $24.9m, or $1.31 a share, to $43.9m, or $2.21.

# U.S. tobacco groups up

BY TERRY DODSWORTH IN NEW YORK

PHILIP MORRIS and R. J. Reynolds, the two major U.S. tobacco companies, yesterday reported sharply higher first-quarter profits.

Net income at Philip Morris jumped by 25 per cent from $205m, or $1.67 a share, to $256m, or $2.12 a share. Earnings at R. J. Reynolds rose to $182m, or $1.65 a share, against $116m, or $1.33 a share, although on a continuing operations basis they rose even more, from $151m, or $1.20 a share, a year ago.

Sales rose much less strongly, moving up by 2.2 per cent at Philip Morris from $3.25bn to $3.32bn, and by 1.4 per cent at R. J. Reynolds from $2.86bn to $2.9bn.

# Canadian bank sells unit

By Bernard Simon in Toronto

THE LARGEST private sector bank in the Dominican Republic will be formed by Royal Bank of Canada's sale of its local subsidiary to the small Banco del Commercio Dominicano.

Terms of the transaction were not disclosed. Royal Bank has 12 offices in the Dominican Republic, accounting for 21 per cent of the banking sector's liabilities. Banco del Commercio's market share is roughly 3 per cent. Last year it acquired Bank of America's local business.

A senior Royal Bank official said that the sale was part of moves to increase local participation in its activities throughout Latin America.

# Skandia to float major subsidiary

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SKANDIA of Sweden, one of Europe's largest insurance companies, is planning to launch its international operations as a separate publicly quoted company.

It aims to raise around SKr 1bn ($113.6m) in two stages through the sale of slightly over 50 per cent of Skandia International, which last year accounted for close to three quarters of the group's gross premium income of SKr 10.95bn.

The separation of the international operations, which had a shareholders' equity of SKr 5bo at the end of December 1984, is designed to give Skandia greater freedom of manoeuvre in its foreign business and to cut the regulatory influence of the Swedish insurance supervisory authorities, which are trying to reduce further the scope of insurance companies' activities within Sweden.

Skandia has rapidly expanded its foreign activities and is eotering the broader field of financial services. Last year it bought a 29.9 per cent stake in Quilter Goodison, the London stockbroking firm.

In a first stage through a rights issue to existing Skandia shareholders, it will offer around a third of the Skandia International equity with the aim of raising SKr 600 to SKr 800m.

The funds will be used to strengthen the solvency of the international operations. In a second stage, Skandia will sell part of its own holding in Skandia International – aronnd a sixth of the equity for some SKr 300m – to bring its final stake to just below 50 per cent.

The decision was taken despite disastrous results last year, when Skandia International plunged into operating losses of SKr 275m

# Schlumberger starts year on better note

By Our Financial Staff

SCHLUMBERGER, the world leader in well-logging services to the oil industry, lifted first-quarter net earnings from $273.9m, or 95 cents a share, to $305.5m or $1.01, while reveaues advanced from $1.48bn to $1.69bn.

M Jean Ribaud, chairman, said oil field activity in North America was only slightl above last year's level as bigher offshore operatioos were offset by lower land activity.

Outside North America, trading was higher, except for the Middle East. Results of measurement and control operations improved worldwide, the company said.

Results from Fairchild Semiconductor, the company's silicon chip bnsiness, deteriorated because of the sharp recession in the semiconductor industry.

# ABC declines by 18%

BY OUR FINANCIAL STAFF

AMERICAN Broadcasting Companies, the U.S. broadcasting, publishing and video enterprises group being taken over by Capital Cities Communications in a $3.5ba deal, has reported an 18 per cent fall in first-quarter net earnings.

Profits fell from $23.9m, or 81 cents a share, to $19.4m, or 67 cents, while revenues slipped from $836.7m to $797.8m.

Mr Leonard Goldenson, chairman, and Mr Frederick Pierce, president, aoted that in the first quarter of 1984 revenues and profits benefited from the Winter Olympics in Sarajevo.

The company's firm commitment to control costs at both divisioa and corporate levels was successful in easing the post-Olympic year comparison, the ABC executives said. "In fact, excluding certain corporate charges, which increased as a result of the ABC-Capital Cities merger announcement, ABC's first-quarter earnings would have increased modestly over last year," they said.

The latest results represent a significant downturn from those of the fourth-quarter of 1984.

# INTL. COMPANIES & FINANCE

## Bell raises A$120m with sale of half BHP stake

BY LACHLAN DRUMMOND IN SYDNEY

MR ROBERT Holmes à Court's Bell Resources has realised around A$120m (US$78.1m) of cash by unloading roughly half its 5 per cent stake in Broken Hill Proprietary (BHP).

Bell has raised the cash through the exercise of options contracts written in February and March.

The inflow reached its peak yesterday as 22m shares underlying the options, not all written by Bell, were traded through the Sydney Stock Exchange to produce a record single stock turnover of A$123m.

Bell Resources with 40m shares and Bell Group with some 6m received effective prices varying from A$5.60 to about A$6.20 a share for the option-covered shares. This compares with the A$6.42 closing market price yesterday.

The funds from Bell sales through option deliveries over the past fortnight appear to be earmarked for its current play against Asarco in the U.S., the 44 per cent controlling shareholder in Australia's MIM.

Bell has laid out U.S.$60m for a stake of almost 10 per cent in Asarco and could spend up to a total of US$400m building to a controlling half share. Its plans, though, have run into considerable opposition from Asarco.

Bell recently raised A$190m through the sale of oil assets and retains about 20m BHP shares.

Although Bell has received less than the market price for the BHP stake it has unloaded it will still show a handsome profit on the shares, some purchased for cash a year ago and others acquied mostly for scrip in its two audacious takeover plays for BHP.

**Our Financial Staff adds:** BHP together with Shell Australia yesterday resumed purchases of shares in Woodside Petroleum, for which they are bidding A$458m, after rectifying a technical deficiency in the offer document. Including a small amount held by BHP's pension fund, their combined holding yesterday went over the 50 per cent level.

## ABN to buy out Australians

BY OUR SYDNEY CORRESPONDENT

ALGEMENE Bank Nederland yesterday became the third foreign group this week to receive Treasury approval to buy out local shareholders in its Australian merchant banking offshoot.

The shift to full foreign ownership is in line with the 12-month moratorium on normal local equity requirements which was introduced last October. This allows participants in the crowded merchant banking sector to realign their ownership in response to the granting of additional banking permits.

Hambro Australia 14 months ago introduced two local companies as 40 per cent shareholders to comply with undertakings made in 1977 to introduce local equity. Earlier this week it announced the buyback of the 40 per cent stake to give the UK parent 90 per cent and local management 10 per cent.

Scandinavian Pacific, previously half owned by Scandinavian Bank of London, has also moved to 100 per cent foreign ownership, although a separate non-lending investment bank subsidiary has been set up with its former local equity partner.

Meanwhile the Dutch bank has bought out the half share in ABN Australia held by Mr Kerry Packer's Consolidated Press Holdings, to take it to full ownership in the operation, which was established in 1983.

Neither ABN Australia nor Scandinavian Pacific, formed only last year, have yet to make much impact although the longer established Hambro has a strong profile among the 50 or so merchant banks in Australia.

The British owned group also this week announced steady net profits of A$2.07m (US$1.35m) for 1984 and an increase in assets from A$195m to A$305m. Its balance sheet size and range of advisory and investment management services will leave it in the front rank of the foreign controlled merchant banks once the 16 new full bank licensees take up their new roles.

## Siam Cement grows by 29%

By Boonsong K'Thana in Bangkok

SIAM CEMENT, one of Thailand's largest industrial concerns lifted net profits by 29 per cent to 777m baht ($28.2m) for 1984.

Sales increased 11.8 per cent to 13,532m baht, derived from a boost in domestic construction activities. It gave the return on net sales for 1984 as 5.7 per cent compared with 4.6 per cent, with the return on total assets reaching 8.5 per cent

## OUB slips 9.3% for year

BY OUR FINANCIAL STAFF

OVERSEAS Union Bank, Singapore's fourth largest bank, yesterday announced a 9.3 per cent fall in 1984 net profits to S$47.24m (U.S.$21.1m), but maintained its dividend at 16 cents gross per share.

It coupled this with the launch of a one-for-five rights issue at S$2.50 a share, compared with a last-traded market price of S$3.82.

OUB said shareholders accounting for about 44.7 per cent of its existing equity hed agreed to subscribe fully to their rights entitlements, while the balance would be underwritten by Asian-American Merchant Bank.

The earnings setback emerged in the second half of the year, when the decline was 22.6 per cent. For the bank alone, net profits for the year dipped 1.4 per cent to S$48.9m, implying a loss on other group operations. The second-half earnings downturn at the bank reached 4.5 per cent.

## Swire bid wins key site in Hong Kong

By Gordon Cramb

SWIRE PACIFIC of Hong Kong yesterday won the auction for an important development site in the territory's central business district with a bid of HK$703m (US$90.3m).

The result was viewed by property analysts as an indication of sustained recovery in the local market following the 1982 crash in land values. Original expectations for the price had ranged from only HK$400m to HK$600m, although estimates in recent days escalated dramatically to as much as HK$900m.

The emergence of Swire to compete successfully against at least five other bidders—including other heavyweights such as Sun Hung Kai Properties and Cheung Kong—was also taken as a sign that the market had by no means been relinquished to smaller speculative developers.

Mr Alan Foster, managing-director of Swire Properties through which the bid was made, said the company intended to develop the 10,690 square metre site as a retail, residential and office complex. He said he had already received approaches from several prospective hotel operators.

The site, covering a large part of the Victoria Barracks area, is adjacent to the new supreme court buildings and is zoned for commercial development or for a hotel. It offers scope for twin tower blocks, and Swire could thus split the acreage in two.

Swire Pacific last year took full control of Swire Properties in a HK$1.35bn deal. Mr Michael Miles, the group's chairman, said last month the property side had experienced a resurgence in demand for its developments, and added cautiously that "some improvement in prices over those of the previous year may be expected."

The baracks site, although slightly removed from the prime business area, will provide Swire with the most central building of any size in its portfolio.

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# Solvay lifts dividend after strong advance

BY PAUL CHEESERIGHT IN BRUSSELS

THE INCREASING strength of the international chemicals market belped Solvay to boost its 1984 consolidated net profits lo BFr 8.05bn ($132m) from BFr 5.24bn in 1983.

The group, which bas plants in 14 countries and which is Belgium's second largest industrial company, yesterday announced that its 1984 dividend would be BFr 270 net, an increase of BFr 35 over 1983.

Consolidated turnovor last year was BFr 224.4bn, against BFr 198.74bn in 1983.

The results are largely what the group had expected after a successful first half. Sales have increased, while energy feedstock prices have slackened. At the same timo Solvay has been ablo to raise its prices for some products.

The year's figures represent tho fruition of a series of economy measures started in 1982, when Solvay elosed unprofitable plants and made a concentrated effort in energy-saving. The group is also benefiting from the results of diversification.

The Belgian parent also raised its net profits, but is having to make provisions for litigation in wbich it is involved. The final profit figure was BFr 3.7bn for 1984 against BFr 2.9bn.

# Iveco suffers further loss but sees return to black

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IVECO, the Fiat subsidiary, wbich is western Europe's second largest heavy vohicle producer, has operated profilably so far this year. Bnt it suffered a 1984 loss higher than tho Fl 233m ($68m) recorded in 1983, said Sig Giorgio Garuzzo, the chief executive, yesterday.

The company expects to produce about 100,000 vehicles in 1985, well above the break-even level and 7.5 per cent ahead of last year's 93,000.

Iveco, which is registered in Amsterdam, will give detailed results later this year. They will show it did better at the operating level than in 1983, but had to face the cost of closing the medium truck assembly plant at Trappes in France in October, with 1,300 redundancies.

In the past five years Iveco has reduced its break-even output level from around 120,000 to about 90,000 vehicles although the actual figure depends on tho mixturo of vehieles produced, said Sig Garuzzo.

Iveco would continuo to work to rednce its cost base, but there wonld be no more plant closures in 1985, ho said.

At tho moment, of the 22,000 employed in Italy, 400 are laid off at Sofim diesel engine plant at Fogia and another 200 at the Valle Ufita bus plant.

Iveco's capital investment of L104bn ($54m) last year would be increased by abont 10 per cent in 1985, said Sig. Garuzzo.

# Steep decline at Lesieur

BY OUR FINANCIAL STAFF

LESIEUR, the French edible oils group, reports a steep drop in profits for 1984 and as a result is being forced to cot its dividend.

Against a forecast of a 25 per cent profits decline net earnings emergo at FFr 56m ($6m), compared to FFr 142m for 1983. Turnover was FFr 9.39bn against FFr 7.67bn.

Tho pre-tax dividond is to be FFr 37.50 a share. Lesieur paid FFr 57.6 for 1983.

Lesieur said the lower profit was due mainly to a further decline in the French fats business, which hit both volume and margins.

Sales of pre-cooked foods and bousebold detergents slowed in November and December due to retail destocking.

The French fats trade would continne to suffer this year from unfavourable movements in oilseed prices and the high costs of introducing two new tablo products.

Tho continuation of last year's restructuring plan would add further to group costs, it said.

# Full year increase at Alsthom Atlantique

By David Marsh in Paris

ALSTHOM ATLANTIQUE, tho diversified French engineering gronp which is majority owned by nationalised Compagnie Generale d'Electricite, registered net profits of FFr 270.3m ($29m) last year, np from FFr 261.1m in 1983.

The company, which has already reported sales of FFr 23.8bn last year against FFr 21.7bn in 1983, said gross cash-flow for 1984 came to 4.4 per cent of turnovor.

Depreciation last year rose to FFr 582.5m from FFr 535.9m in 1983.

The company, which is still quoted on the Paris bourse, is proposing to pay a dividend of FFr 24 per share for 1984, np from FFr 22.5 in 1983. Shareholders will have the option to take the dividend in the form of shares.

The company, in which CGE has an overall stako of 63 per cent, is also seeking authorisation to raise capital to a maximum of FFr 1bn from the present level of FFr 616m.

# Steel merger talks continue

KLOECKNER-WERKE and Krupp Stahl expect all questions involving the planned merger of their steel operations, with CRA of Australia as a partner, to be resolved in the foreseeablo future, Reuter reports.

A joint statement, issued in response to reports that the merger plan had failed, said negotiations were continuing constructively.

High-ranking trade union officials at both companies said on Wednesday that the merger plans were "practically dead."

Formation of the planned new company, Stahlwerke Krupp-Kloeckner, has to be approved by tho supervisory boards and shareholders of Krupp and Kloeckner before the end of June if it is to qualify for European Community-approved government subsidies.

The three-way link stands to create Germany's second largest steel group with assets at around DM 1.5bn ($495m).

# Nestle income surge as margins widen

BY JOHN WICKS IN ZURICH

NESTLE, the Swiss foods group, reports an 18 per cent rise in net profit to a record SwFr 1.49bn ($590m) in 1984.

Group sales went up by 11 per cent to over SwFr 31.1bn, reflecting both a rise in sales volume and the "combined effect of foreign-exchange and inflation rates."

The board proposes to step up the dividend from SwFr 109 to SwFr 115 per share.

The group noted that profitability bad improved. Profits totalled 4.8 per cent of sales during the year, up from 4.5 per cent in 1983.

Nostle is also shortly to issue bonds with warrants for a total amount of SwFr 300m. This operation will help to finance recent acquisilions.

Neslle has made a string of acquisitions in receot years, notably including the $3bn takeover of Carnation of the U.S.

The Panama City affiliate Unilac, whose shares are twinned with those of Nestle, increased profits from $24m to $25.8m last year.

In order to simplify the group's structure, the board proposes that Unilac's common shares should be repaid at the nominal value of $12 each. The Paoama company would then become a subsidiary of Nestle.

# Schering to pay more as profits soar to DM 138m

BY LESLIE COLITT IN BERLIN

SCHERING, the West German pharmaceuticals and chemicals group, said earnings rose last year to DM 138m ($45.6m) afler DM 80m in 1983. The company will recommend a dividend of 24 per cent, an increase of 3 percentage points over 1983.

Tho parent company saw oarnings rise to DM 91m last year from DM 76m. Of this DM 30m is to be placed into available reserves compared with DM 23m the previous year.

Turnover last year rose 14 per cent to more than DM 4.8bn which Schering described as a "very successful" year. Sales in the first quarter of this year were 17 per cent higher at DM 1.4bn. Schering said 1985 would be a good year if this sales development rould be sustained.

The increase in profit came despite high losses by the Diamalt subsidiary, and exchange losses in Latin America.

# Threat to Grindlays

BY OUR ZURICH CORRESPONDENT

GRINDLAYS BANK, tho Swiss subsidiary of the Australia and New Zealand Banking Corporation, may hava to cease operations.

The bank, which has branches in Geneva and Zurich, had to apply for a new concession last year on its takeover by tho Australisn group.

Tho Swiss Banking Commission then allowed it a grace period for Australia to comply with Switzerland's reciprocity rules. These lay down that concessions can be granted only when the home country of the founder or purchaser permits Swiss banks to set up operations under conditions "not substantially more restrictive" than those granted to foreign banks in Switzerland.

While Australia did not offer such facilities at the timo of the Grindlays takeover, it bas since carried out a liberalisation of its regulations on the operation of foreign banks.

However, no applications by Swiss Banks were approved when the first 16 foreign banks were set up in Australia. The Swiss Banking Commission says the prerequisites for a new concession for Grindlays have not yet been made. But the commission said tho end of tho grace period was "not imminent."

# INTL. COMPANIES & FINANCE

## Astra seeks cure to profit slowdown in higher sales and market share

BY DAVID BROWN IN STOCKHOLM

ASTRA. Scandinavia's largest pharmaceuticals group, which is to be listed on the London Stock Exchange shortly, has successfully traded on its Nordic image of thoroughness, safety and efficiency.

As a producer of several market leading drugs, its earnings grew on average by 40 per cent a year for the five years to 1983.

Then came disturbing reports of side-effects from Zelmid—its new anti-depressant drug—followed shortly afterwards by withdrawal of the drug from the market. Some months later, clinical trials of Omeprazol, the widely hailed new ulcer drug, were suspended, dashing optimistic market expectations for an early introduction.

Finally, late last year, cancerous symptoms caused by Pulmicort (an asthma treatment) and Rhinocort (an anti-allergenic) were discovered in laboratory animals. This has led to a major review by regulatory authorities, which may yet lead to withdrawal.

After a year of heavy blows, Astra has now been forced to write down its growth estimate for this year to a relatively slow 12 per cent in sales and profits.

With an annual turnover of SKr 3.91bn ($430m), the group is comparatively small by international standards. Has it bitten off more than it can chew? "Not at all," insists Mr Ulf Widengren, the managing director. "Wherever we have set out to win market shares we have succeeded.

"If you want to be in the forefront of research, you have to take chances. I do not see this as something negative. It is the basis of all scientific advancement," he says, pointing out that Astra's development policy is focused on finding unique remedies to old problems.

Mr Widengren, lists Astra's successes, which stretch back to the late 1940s. when it began marketing the well-known xylocaine local anaesthetic.

Today, some 60 per cent of the group's turnover is generated by top-selling cardiovascular and respiratory drugs. Seloken (or Lopressor), a beta-blocker for treating heart disease, has a 20 per cent world market share. Within a year of its introduction in Japan it became the most popular treatment of its type. Moreover, both the Bricanyl anti-asthma preparation and the Penglobe ampicillin have a 10 per cent world market share.

Mr Ulf Widengren: If you want to be in the forefront of research you have to take chances.

Mr Widengren set out on a wide-ranging restructuring effort when he took over in 1977, disposing of several mostly profitable but unrelated businesses, which included rust protection and veterinary care.

In the past eight years, profitability has climbed from 7.2 per cent to 20.9 per cent. Even after its setbacks, and despite heavy price pressure on regulated markets, the group increased pre-tax profits by 21 per cent to SKr 789m last year, and significantly cut its foreign debt burden. Moreover, the level of investment in research and development — 19 per cent of sales—ranks among the highest in the world.

Yet, despite these efforts, the withdrawal of Zelmid, and a delay in the launch of the potentially important Omeprazol have left Astra with virtually no major new product introductions this year.

For the present, its result will depend on extending its existing lines and increasing both volume and market shares. Any significant future growth is tied up in products which have yet to leave the clinical testing phase, and which will start to come on-line in late 1986

Omeprazol is generally considered to hold the biggest potential; the world ulcer treatment market is enormous, and even a small share could make a significant contribution to turnover. Astra's drug is said to be faster-acting than the best-selling Tagamet, produced by SmithKline of the U.S.

The group's scientists have concluded that problems encountered in toxicology studies are confined to rats and—provided there are no problems—the drug should be ready for launch at the end of next year, year.

Astra is sometimes criticised for its decision to license several key products on the largest markets, rather than devoting its own resources to strengthening the worldwide sales organisation. Licensee sales are SKr 2.75bn annually. While Astra's Seloken is one of the 10 biggest-selling drugs in the world, most of the turnover is controlled by Ciba-Geigy.

Mr Widengren justifies this policy in terms of avoiding financial risks. "In a small market like Denmark, you do not risk too much of your bottom line if things do not go right," he says. "It's a completely different ball game to get into a market like the U.S. You run into enormous demand for investment, you have a different regulatory set-up and an unfamiliar business culture."

Instead, Astra has chosen a two-step approach in attacking the U.S. and Japanese markets, the world's biggest. In 1982, it signed a deal with Merck, which agreed to pay $60m for the right to sell new Astra products in the U.S. Merck took over responsibility for testing and registration as well. But the deal also calls for the formation of a joint company once turnover reaches a certain level.

Similarly, in Japan, the group recently set up a joint company with Fujisawa. In fact, this company's strong Seloken sales last year were largey responsible for Astra's good 1984 performance.

"I do not care how much money goes into other people's pockets as long as I get enough in my own," says Mr Widengren. "This way we have a chance to get our products on to the market with a reliable partner, and at the same time build up some knowledge of how the system works at a minimum risk."

Astra's forthcoming listing in London—there is no immediate need to raise new money, officials say—is billed as a further step in its gradual internationalisation.

Meanwhile, it is expanding its own marketing and production resources in France (following a lacklustre five-year co-operation pact with Searle of the U.S.); is building up its organisation in South-East Asia; and is selling many products for Boots, of the UK, in the Nordic region.

Despite the fact that so much is riding on the success or failure of its new product introductions, Mr Widengren is bullish about Astra's growth prospects. As for the latest setbacks, he simply says: "Look, this is a risky and long-term business."

# APPOINTMENTS

## Top post at Simon Engineering

Mr Chris Lomberg, chief executive of SIMON ENGINEERING, has for family reasons decided to relinquish full-time executive responsibilities and will retire at the end of September. Mr Tim Leader, the director responsible for Simon's process plant contracting group, is to succeed him on October 1. In the meantime he has been appointed deputy chief executive to ensure a smooth handover of responsibilities.

★

Mr A. D. G. Clark, Mr B. H. T. Elliot, Mr A. C. McCallum, Mr J. Metcalfe, Mr I. D. Morton, Mr H. C. L. Prior, Mr D. F. D. Rogers and Mr N. D. Wiltshire have been appointed directors of C. T. BOWRING REINSURANCE.

★

Berry Palmer & Lyle has formed a new wholly-owned subsidiary BPL (CHINA) to supply specialist advisory services for industrial and business projects. Mr Timothy Royle, chairman of Berry Palmer & Lyle, has been appointed chairman of BPL (China) and Mr Robbie Lyle has been appointed managing director.

★

MERRILL LYNCH RELOCATION MANAGEMENT INTERNATIONAL has made the following appointments: Mr Stephen Hartley is appointed director responsible for all sales and marketing activities in the UK. Mr A. G. Hickie is appointed operations director responsible for all operations in the UK. Mr Hickie is returning from the U.S. where he has worked with Merrill Lynch Relocation Management for several years.

★

Mr James Mc Kinnon, finance director of Imperial Group, has been elected president of THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND.

★

Mr C. G. Pendred retires from the partnership of MONTAGU, LOEBL, STANLEY & CO, stockbrokers, on April 26. Mr T. J. Amer and Mr P. A. Brampton will be taken into the partnership on the same date.

★

SAINSBURY'S has made the following appointments: Mr Robin Whitbread is appointed director of produce from the end of April. Mr Michael Conolly succeeds him as director of marketing.

★

THE CALEDONIAN AVIATION GROUP has appointed Mr Chris Smart to the new position of chief executive, British Caledonian Travel Holdings. BCTH is the group subsidiary which will bring together Blue Sky Holidays, Blue Sky Travel and Jetsave. Mr Smart, managing director of Cosmos Intercontinental Holidays and managing director of Cosmos Coach Tours, will join BCTH on May 8.

★

GEC-GENERAL SIGNAL has made the following changes: the sales and marketing director is now Mr Harry A. Codd. Mr Brian Snow, previously with GEC Transportation Projects, has been appointed commercial director.

★

Mr Peter Cottrell has been appointed director and general manager of MCP-METELEC, the specialist silver recovery company which was formed by MGP Holdings following the acquisition of The Metelec Co from Wilson Process System.

★

GRANVILLE & CO. has made the following appointments: Mr William E. Drake director, Mr David W. H. Steeds, Mr Haydn L. D. McLaren, Mr Guy C. Paterson and Mr David A. Metter assistant directors.

★

Mr George Wadia and Mr David Cockburn have jointed J. HENRY SCHRODER & CO from European Banking Company. Mr Wadia, who joins as a director, will head the viability finance team within the bank's project finance department; Mr Cockburn will work with him.

★

HAWKER SIDDELEY has made the following appointments: Mr T. J. Buckle has been appointed managing director of S. G. Brown. Mr R. G. Steward has been made vice-president manufacturing of KW Battery Co. Mr M. Farrar has become marketing director of Oldham Batteries.

★

Mr Graham Tayler has been appointed director of hotel operations by CONCORDIA INTERNATIONAL. He was previously group marketing director of Comfort Hotels International.

★

Mr Paul Cotterill has been appointed a director of MINET HOLDINGS. He was appointed to the executive committee of J. H. Minet and Co last November.

★

Having completed a four year period as chairman in order to help establish the ICC INTERNATIONAL MARITIME BUREAU, Sir John Cuckney has retired as chairman. He will, however, remain an ex-officio member of the board. The new chairman is Mr Charles Gibb, who was the underwriter of a Lloyds Marine Syndicate from 1966-1982. Mr Gibb was on the committee of Lloyds for eight years, including a period of three years as deputy chairman.

★

CRUSADER INSURANCE has appointed Mr Joseph M. Tumbler and Mr Michael Tyrrell to the board. Mr Tumbler continues as senior vice-president of CIGNA Worldwide Inc for international life and group operations and Mr Tyrrell as actuary of Crusader Insurance and life and group operations of CIGNA Worldwide Inc. Mr David Wentworth-Stonley and Mr Mark Cornwall-Jones have resigned as directors.

★

THE MERSEY DOCKS AND HARBOUR CO has appointed Mr Geoffrey Mason as finance director to succeed Mr Michael Anderson who retired last year. Mr Mason joins the Port of Liverpool from Ashe and Nephew, where he held a similar post. The personnel director, Mr Bernard Cliff, takes on a a new title as director of port services with extra responsibilities including marine operations, engineers and pilotage and marketing development manager Mr Ken Wharton becomes director of marketing.

★

Mr Richard Hayden, formerly group marketing manager with the John E. Wiltshier Group, has been appointed marketing director of G. E. WALLIS & SONS.

★

Mrs Joy West has been appointed marketing director of JEAN SORELLE.

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# UK COMPANY NEWS

## McKechnie gains from NZ and domestic sides

Despite a downturn in South African operations, McKechnie Brothers lifted first half taxable profits by 17 per cent to £8.06m, against a comparable £6.93m.

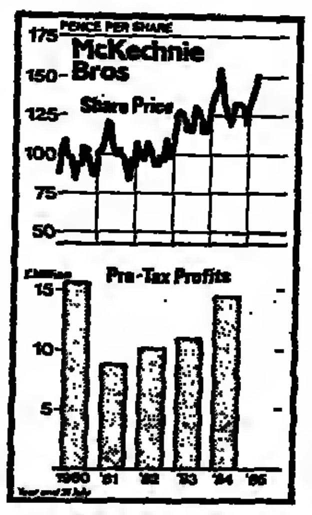
The directors are to pay an interim dividend of 2.5p—up from 2p and the first increase for five years. They state that they wish to see a better balance between the interim and the final. The shares closed last night at 151p, up 1p.

Record figures from New Zealand and steady progress in the UK were enough to outstrip the South African downturn, but the directors state that the result would have been "significantly better but for the adverse effects of weaknesses in the currencies of overseas operations."

Turnover for the six months to January 31 1984 was also up at £113.06m against £97.18m. The group is a manufacturer of non-ferrous metal and plastic components and copper based chemicals.

The taxable result was after higher interest payments of £1.53m against £1.19m, and was subject to aggregate tax of £3.33m (£2.43m).

In the last full period the group made £14.49 on turnover of £202.83m. Directors indicated yesterday that the first half outcome was likely to be at least doubled in the full year.




### ● comment

McKechnie's exposure in South Africa has been a cause of worry in the past, and the £0.3m downturn there for the half year will bring some knowing winks. But the matter really has been overstated. SA accounts for well less than 20 per cent of total profits, and the group cannot be blamed for either the weak rand — exchange losses accounted for half the slip—or the stagnant economy. Indications are that the worst is over there, and the full year may even see some improvement, so comparisons with Glynwed are strictly out. The 70 per cent increase from New Zealand was largely thanks to a boom in exports following devaluation last year, and was nicely topped up in the UK, where the full benefit of the integration of the former IMI operations came through but could drift off in the second half. Investors can expect compensatory growth in consumer products and plastic processing. But the group is less than enthusiastic about hte appreciating pound which could wipe out any overseas gains. The big question is the dividend, unchanged since 1980. The increased interim was to reduce disparity, but shareholders will have a right to complain if the directors knock the final pro-rata. With the second half usually stronger, the group can expect to approach £17m in July.

## Hambro Life surplus rises 16% and new business gathers pace

Hambro Life Assurance, now a member of BAT Industries, has reported a 16 per cent increase in actuarial surplus for 1984 from £27.07m to £31.44m.

When the surplus is expressed as a proportion of the number of shares in issue, the increase was 15 per cent—the amount forecast in the documents for the £664m takeover by BAT Industries.

The dividend for the year is icreased by 15 per cent, from 15.8p to 18.2p, with a final payment, to BAT, of 12.8p.

The company is transferring £21.92m to the profit and loss account, which covers the dividend, less waivers, for the year. The retained actuarial surplus has been increased to £38.29m and share capital and reserves at the end of 1984 amounted to £16.17m.

As already reported, new business in 1984, as measured by the increase in total new commissions, rose 5 per cent. Funds under management during 1984 climbed by a quarter—from £2.88bn to £3.56bn.

New business in the first quarter of this year was substantially ahead of that for the first quarter of 1984. Most of this increase arose in pension sales ahead of the Budget—a boom experienced by the whole UK life assurance industry.

However, the company reported that its new savings plan, the Adaptable Investment Plan, designed to meet conditions following the ending last year of tax relief on life assurance premiums, has been well received by the market.

## York Trailer sees better return

RESULTS FOR 1984 from York Trailer Holdings did no more than confirm the company's emergence from the recession.

But steps have been taken and are already yielding substantial results. Profits so far in the current years are "significantly larger" than last year and, with important new products coming on stream, the directors feel there is no reason why results for 1985 cannot be "a substantial improvement" on the past year.

The trailer and component order backlog is as great as any in the company's history, and at last the Northallerton plant is taking the necessary longer strides.

Although the debt to equity ratio has reached a "healthy level," the profit does not permit more than a start to removing the preferance dividend arrears. Subject to the present profit holding, the directors will decide of some arrears in addition to the late in the year on the payment current year's dividend.

After paying the £78,256 half year dividend on January 1 last, the arrears total £547,777.

In 1984, turnover of this Canadian controlled group showed a slight decrease to £23.31m (£23.42m) and the operating profit to £791,000 (£813,000). However, lower interest charges of £243,000 (£306,000) leaves the pre-tax balance up at £548,000 (£507,000).

The directors say the basic reason for the lack of growth was poor profit margins on sales, plus the Northallerton plant's failure to respond to an upturn in demand. "But an even more damaging factor was an undue delay in implementation of important plans to rationalise the company's service organisation."

Export sales have yet to make a recovery, the traditional markets in Africa and Middle East remain very flat.

In 1984, company concluded an agreement with the China National Automotive and Industry Corporation under which York components will be made in China with sole exporting rights therefrom vested in York Trailer Holdings

Anthony Carrimore has been turned around into profit and it now remains to build on that recovery with increased sales which are now slowly occuring.

York Technical Services had a good year.



## Sumatran plantation deal is reaching final stage

A COMPLEX deal concentrating the Sumatran plantation interests of three companies into one new one is reaching the final stage with a £6.3m fund-raising exercise by the new company, Anglo-Eastern Plantations.

The issue, sponsored by N. M. Rothschild & Sons, is technically an introduction since units are being alloted to shareholders of the three former owners, Anglo-Indonesian Corporation, Plantation & General Investments and REA Holdings, as well as to those of REA's parent, International Investment Trust Co of Jersey.

Dealings in the units will commence in nil paid form next week, giving shareholders of the former parents the chance to remain invested in Sumatra or to renounce their "rights" at a premium.

The offer, to which Hoare Govett is broker, comprises 1.82m units, each comprising four ordinary shares, £1 of 12½ per cent loan stock 1995/99 and a warrant to buy one share, which may be exercised through payment of loan stock or cash. The unit price is 380p.

The three former parents and IIT will subscribe to a total of 255,624 units, and the remainder has been underwritten by Rothschild. After the offer is completed, REA will hold 32.7 per cent of the company, Anglo-Indonesian 22.5 per cent and Plantation & General 10.3 per cent.

Anglo-Eastern has three developed estates producing rubber and cocoa in North Sumatra. It needs the new money, however, to fund development of a 6,000 hectare oil palm plantation in the Tasik area. The estate is due to be fully planted by the end of 1986, mature by the end of 1989 and in full production by 1993. Projected production then is 40,000 tonnes of palm oil and kernels.

Costs associated with the development include clearing the land, labour, seed, fertiliser, and the establishment of infrastructure such as roads and quarters for the labour force.

## British Alcan sustains recovery and cuts debt

BY IAN RODGER

British Alcan Aluminium, part of the Canadian aluminium group, continued its strong recovery last year, with pre-tax profits more than doubled to £49.8m compared with £22.1m in 1983.

Mr George Russell, managing director, said the improvement was due mainly to the benefits of rationalisation in 1983 following the takeover of British Aluminium. Prior to this, Alcan and BA had combined losses of £86.5m in 1981 and 1982.

British Alcan's turnover last year was up 13.4 per cent to £622.6m through a combination of volume and price increases across the group's range of primary, semi-finished and finished products. Operating profits were £71.2m (£44m) and interest charges eased slightly to £21.4m (£21.9m). After tax of £2.4m (£3.1m) and minorities attributable profits reached £47m compared with £18.9m.

The group paid off £35m of its £209.4m borrowings last year, reducing its debt equity ratio from 51:49 to 41:59. (These debt figures exclude £56m in subordinated loans from the parent company.) The emphasis this year will continue to be on debt reduction to reduce the debt portion of total capital to 35 per cent.

However, capital spending is also being raised, from £12m to about £18m this year, mainly for plant refurbishment and minor debottlenecking projects.

Mr Russell said the group's smelters were operating "flat out" and the Lynemouth power station would soon be back to full production after having been shut during the miners' strike. All the fabrication businesses were running at 80 per cent of capacity or better. However, there was stil considerable room for upgrading products and cutting costs. Return on capital employed was only 11.6 per cent last year.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Aberdeen Trust ... int. | 2.5¶ | June 24 | 1.8 | — | 5.25 |
| Benford Concrete | 2.75 | — | 2.75 | 3.75 | 3.75 |
| Bentalls | 1.75 | June 5 | 1.4 | 2.1 | 1.75 |
| Betec | 1 | July 2 | Nil | 1.5 | Nil |
| Border & Sthn. ... int. | 1.3 | June 7 | 1.3 | — | 3.3 |
| Cory (Horace) | 1.2 | June 12 | 0.8 | 3 | 1.4 |
| John Crowther | 1.5 | Aug 5 | 1 | 1.5 | 1 |
| First Castle | 1.27† | — | 1.16 | 2.12 | 1.93 |
| Hambro Life | 12.8 | — | 11.1 | 18.2 | 15.8 |
| Harris Queensway | 2.75 | June 24 | 2.38* | 4 | 3.5* |
| Lake View Inv. | 3.05 | July 1 | 2.85 | 4.65 | 4.4 |
| Laporte | 5.55 | June 14 | 4.33* | 8.75 | 7* |
| Laurence Gould‡ | 2 | May 27 | 1.85 | 3.3 | 3.15 |
| Lenda Holdings | 1 | — | 1 | 1 | 1 |
| Thos. Marshall | 1.2 | June 1 | 1.2 | 2.4 | 1.2 |
| McKechnie Bros. ... int. | 2.5 | June 5 | 2 | — | 7.28 |
| Scottish Mortgage | 4.3 | June 27 | 3.5 | 7.5 | 6.4 |
| Securities Scotland | 2.7 | June 24 | 2.1 | 4 | 3.2 |
| SI Group ... int. | 0.44 | July 1 | 0.44 | — | 1.6 |
| Tilbury Group | 3.4 | June 12 | 3.1 | 4.8 | 4.4 |
| Ward White† | 4 | July 12 | 3.39 | 5.69 | 4.98 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Partly to reduce disparity.

# UK COMPANY NEWS

## Harris Queensway 6.4% higher

IN ALL major divisions of the Harris Queensway group of carpet end furniture retailers, sales and profits showed "healthy gains" for the year ended December 24 1984.

This led to the trading profit showiog a 28 per cent rise to £31.34m, but the £4.46m costs of establishing and reorganising the joint veoture with Debenhams had their effecls, and tbe pre-tax profit rose only 6.4 per cent, from £25.62m to £27.26m.

Mr Phil Harris, the chairman, is pleased with the "very satisfactory" progress schieved, and says the year was one of activity and change. The group grew to some 680 retail outlets and now has over 7,000 employees.

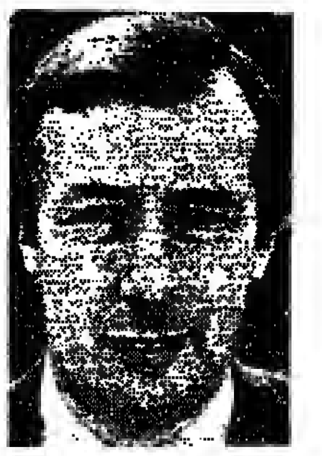
He says much work wss undertaken in the year to lay the foundations of growth, and availability of financc should not be any constraint to future expansion. Trading in the first few months of 1985 has been made difficult by bad weatber and rising interest rates, but consumer spending "appears to have improved since the Budget," and this is reflected in the current trading figures for all the group's divisioos.

Earnings for the year have fallen form 13.21p to 11.51p but, as a mark of confidence, the final dividend is raised to 2.75p to give sbareholders' s net totai of 4p, up from the equivelent 3.5p.

Turnover for the year rose lo £370m, an increase of 64 per cent, or 28 per cent excluding the £82m sales of the Debenbams joint ventures. Queensway's store opening programme resulted in a significant increase in its turnover, and profits were again at record levels, as were those of Harris Carpets, Harris Furnishing, Carpetland, General George Carpets and Poundstretcher, the latter belped by the acquisition of Bakers Household Stores (Leeds) in June 1984.

The level of trede in Debenhams Furnishings was mucb ss expected and good progress is being made towards improving margins and reducing costs. Sales in Greens were well up to expectations.

Considerable efforta have been devoted to the rationalisation and the reorganisation of the two joint venture companies, particularly in the areas of merchandising, warehousing and distribution, and Mr Harris is confident that these, and the new joint electrical chain venture Ultimate, will make au reasonable profit in 1985. The joint venture companies with Debenbams were only included in the 1984 results from June.



Mr Phil Harris, the chairman

There remains "plenty of scope" for growth in the profitability of Greens and Debenhams Furnishings, both of whicb are trading above budget in the first two months of tha current year, and the progressive expansion of the Ultimate chain is planned.

In the more established operations be looks forward to substantial profits growth in Queensway, Carpetland and Poundstretcher — Queensway reflecting the acquisitions late in 1984 of Brown Bear and Vogue Interiors (London).

In the 1984 results there was a net interest payment of £658,000, compared with £632,000 received, and profit on property transactions was up from £596,000 to £1.04m. The tax charge is much higher at £12.84m (£8m), with the losses in the joint ventures contributing because no tax benefit can be taken from the Debenham's £1.6m share of tbe trading losses. This leaves the net profit at £14.24m (£17.65m) subject to minority credits £1.34m (debits £360,000).

See Lex

## Advance by SI Group is checked

THE SI Gronp of engineers saw its profits growth of recent years halted during the six months to December 31 1984.

Turnover for the period pushed ahead from £5.48m to £6.1m, but profits at the pre-tax level fell by £199,000 to £440,000. The interim dividend, bowever, is held at 0.435p net.

The group, formerly Spencer Gears (Holdings), bas changed its accounting date and the current period will run for 18 months to end-December 1985.

In the curreot period turnover has been maintained. This, together with measures being taken, should produce "satisfactory" results for the 18 months.

During the first six months SI Coolers maintained its growth

Although Southern Industries (Croydon) had slightly higher turnover its profits were badly affected by production problems arising from the necessity to accelerate

The engineering companies continued to make an increased contribution.

Subsequent to the final settlement of the disposal of Spencer Gears, provisions no longer required were released to extraordinary items. These totalled £101,000.

## Tilbury marginally up at £3m

WITH MIXED results from its divisions, Tilbury Gronp has announced marginally better pre-tax profits of £3.02m against £2.92m for 1984. This 3.2 per cent increase wss achieved on turnover ahead by 14 per cent, from £53.58m to £61.28m.

The directors are recommending a final 3.4p (3.1p) dividend to lift the total for the year by 9 per cent to 4.8p (4.4p). Stated net earnings per share are shown bigber st 13.5p against 12.3p.

They say that the group entered 1985 with a satisfactory workload, particularly in construction where orders were well up on last year. Rosdstone, despite the severe winter, anticipates a better yesr, and in property, although it is likely that fewer houses will be built in the South East during the year, a promising start has been made in Scotland.

For 1984 they say that while there was little or no improvement in trading conditious within the construction industry record sales and profits, of £6.06m and £1.27m respectively, were achieved in the property division. Construction had improved results too, up from £686,345 to £849,700 oo turnover of £32.42m (£25.4m).

Competitive conditions in the gronp's other divisions however, resulted in lower profits. Roadstone made £866,421 (£1.12m) on turnover of £12.39m (£14.05p), and mechanical services £122,934 (£167,782) oo turnover of £4.41m (£4.54p), wbile plant suffered increased losses of £271,966 (£57,145) on turnover of £6.01m (£6.15m).

The plant division, saw a msrked downturn in margins achieved in respect of plant agency sales, and with no indication of an improving market this activity bas now been closed.

### ● comment

Tilbury held few surprises in its centenary yesr results. Depressed public spending and tighter margins on what business there has been held growth in construction while causing falls at both the East Anglian roadstone business and in mechanical services. Overall margins are down almost 11 per cent. Plant sales and bire experienced an increased loss and last month the company decided to staunch this by selling off the sales side — a once and for all £375,000 provision for which sppears in the extraordinary items this time round. Offsetting tbis was a gain of almost exactly the same amount from the disposal of a freehold property — not an exercise thst can endlessly be repeated. For some time now the abare price bas been supported at its preseot level by market rumours of a possible bid — althougb with almost all the potential aggressors baving sold out to institutions little substance for this appears to remain. For 1985 the market is looking for £3.1m which gives a prospective multiple of 11 on 128p, perhaps still a little bit too demanding for the sector.

## Horace Cory at record £1m

THE SECOND six months for Horace Cory were equally as good as those of the opening balf year and enabled this cbemical maker to push its 1984 pre tax profits over £1m for the first time.

With net earnings coming througb 4.13p ahesd at 5.89p sbareholders will receive an increased final dividend of 1.2p, which lifts the total from 1.4p to 2p per 5p share.

A scrip issue on a one-for-one basis is also proposed.

Turoover for the year improved from £3.49m to £6.26m and taxable profits amounted to £1.05m, compared with a depressed £304,475.

Interest added £1,342 (£29,530). Tax was £502,155 (£139,290). The net balance emerged at £544,894, against a previous £165,185.

After dividend payments retained profits totalled £357,759 (£33,246).

## Domino Printing offer to raise £11m

By Terry Garrett

AN OFFER for sale to raise £11m has been launched by Domino Printing Sciences, Europe's market leader in the field of continuous ink jet printers for industrial applications.

Next Monday a full prospectus will be published for the offer by Hill Samuel of just under 5.5m shares—41.9 per cent of the capital—at 200p each valuing the company at £26.2m.

Ink jet printers have a wide range of industrial applications in the packaging and printing sectors. They can be used, for example, to mark perishable food and beverage products with "best before" dates and coding for stock control purposes.

In the last financial year 31 per cent of sales by unit went to the drinks industry, 28 per cent to food, and 13 per cent to pharmaceuticals.

From its Cambridge base Domino supplies all areas other than America, Australia and New Zealand. Distribution in these regions is handled by American Technologies Inc. which will shortly commence manufacturing Domino's printer

In the year to October 1984 the U.S. provided a major growth area for Domino with maiden sales of 290 units out of a total of 895. Other regions saw a rise in sales from 289 units to 605.

From the years ended October 1982 to 1984 pre-tax profits climbed from £121,600 to £263,000 and then jumped to £1.84m on sales of £7.4m.

On the basis of 1983-84 profits Domino is coming to the market on a p/e of 23.3 on an actual tax charge on 19.2 assuming a 35 per cent rate.

No profit forecast is made for the current year, but sales in the first five months were running abont 50 per cent ahead

Of the 5.5m shares on sales, 1.5m are new, raising a net £2.4m for the company, part of which will be used to repay about £0.5m of borrowings. A further 1.62m shares are being sold by American Technologies, these were originally offered in consideration for the purchase of AT's 49 per cent stake in Domino Amjet.

## Ward White tops forecast with the help of Halfords

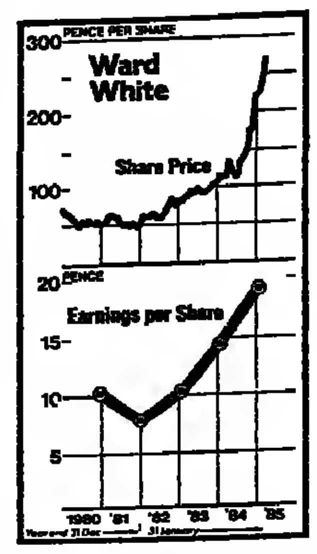
WITH A 63 per cent increase in taxable profits to £14.31m, Ward White Group has surpassed market expectations for the year ended January 31 1984, and beaten by some £1.06m the forecast made in February at the time of the abortive bid for Foster Brothers Clothing.

Acquisitions mede during the year played a notable part. Tha Halfords purchase last November marked a departure for the group —traditionally a manufacturer and retailer of footwear and safety products—into the area of motor accessories, and Mr Philip Birch, the chairman, pointed yesterday to the £2m pre-tax contribution from Halfords in only two months trading.

The return from the U.S. company Wiener Enterprises, of which nearly 45 per cent was bought last April, also pleased Mr Birch, who said that more acquisitions could be expected in the current year.

Since the purchase of Halfords the group bas accelerated a store refurbishment programme together with a cost efficiency drive. It bas introduced electronic point of sale equipment and an expansion of the business by the purchase of 21 additional stores previously trading as Motorist Discount Centres.

It is developing a new trading policy which will involve Halfords in the relocation of a number of atores to edge-of-town sites. This is expected to give rise to some 20 units being operational by the year end, and an experiment in Sunday trading is proving sucessful, said Mr Birch. Halfords was a "good buy, which has been successfully integrated."




Turnover moved ahead from £179.44m to £244.61m, and the easing of margins is expected to continue. Mr Birch said that the group's present strategy of moving into retail and away from manufacture would continue.

The dividend for the year is raised from 4.93p to 5.694p with a 4p final on increased capital, with earnings per share shown at 19.25p (14.45p) after a tax charge of £3.41m (£2.43m).

Mr Birch added that the group had made a good start to the current year, with sales running well ahead.

### ● comment

It seems churlish to point to a possible cloud on the horizon of a company which has just topped its own and the market's best estimates, but retailing is a notoriously fickle market, especially in the U.S. Ward White did very well there last year, against the run of business, but the current term may present more problems, particularly in soft goods. That said, everything else seems rosy for the group, which seems to have the knack of acquiring nonchalantly profitable concerns down to fine art. It is shedding no tears over Foster Brothers, and positively promises that there will be further purchases this year, though declining to be specific about the size of its targets. Any buy upwards of, say, £50m would have to be financed by paper, but this would not be difficult with shares standing yesterday at 270p, up 14p, with an historic p/e of around 14. The yield is 3.

## Profit gains all-round at Laporte

A WORLDWIDE improvement in profits in 1984 at Laporte Industries (Hotdings), apecislity chemicals group, produced a 57 per cent increase in the taxable result from £30.2m to £47.5m.

Tbe dividend is being raised from an equivalent 7p to 8.75p, with the directors recommending s final payment of 5.55p. A one-for-three scrip issue is proposed.

The profits, more than double the figure of two years ago, included "substantial contributions from overseas," says Mr R. M. Ringwsld, the cbairman.

A large part of the increase stemmed from the group's share of the Interox companies, wbich contributed £19.8m, against £13.2m, with "significsnt improvements" in the U.S., Australia and Germany.

In the UK, Laporte's pre-interest profits rose from £16.3m to £21.2m on turnover sligbtly ahead at £134.8m compared with £133.9m. Australia doubled its contribution to £3m on turnover up by £23.6m to £60.3m.

Including Interox and otber overseas subsidiaries, total turnover came to £355.6m against £290.2m.

Earnings per share rose from an adjusted 19.1p to 27.5p after tax of £18.7m (£12m).

At balfway profits were 62 per cent ahead at £22.2m pre-tax but the group anticipated a slowdown in the second six months.

Retained profits for the year totalled £62.2m (£8.8m) sfter taking into account a £43.2m extraordinary credit (£2.3m) in connection with the sale of the titanium dioxide businesses snd the excess over book value of the insured reinstatement of the Warrington hydrogen peroxide plant destroyed by fire.

Net casb at the year end came to £51m, including £10m invested in gilts. Operational cash flow in 1984 was £13m.

### ● comment

With 1984's third-largest fire, the £30m conflagration at the half-owned Interox's Warrington plant fully covered by insurers for both rebuilding costs and consequential losses, Laporte has ended the year happily with £51m in the bank. Most of this comes from £81m netted from the disposal of the cyclical titanium oxide business. The policy of buying up small- to medium-sized speciality chemical companies, 10 in 1984 at a cost of £34.1m, has proved a success and will certainly continue as the group seeks to build up its share of key niche markets, for example chemicals for use in the semi-conductor industry. However, such is the pool of cash to hand that a handsome interest-received contribution is very much to be expected. Interox, owned jointly with Belgium's Solvay, has contributed 50 per cent more this time (at £19.8m) and is continuing to grow. For 1985 the market is looking for £57½m, which is a prospective multiple of a little under 13 on 430p, a high rating which has to be justified by Laporte's shift into specialised growth areas outside of the traditional chemicals sector.

# UK COMPANY NEWS

## Berkeley Exploration £10m offer for Anvil

By Ian Hargreaves

**Berkeley Exploration and Production** has agreed to pay £10.2m for **Anvil Petroleum** in the latest of a series of bids involving small UK oil companies.

Berkeley is offering seven of its own shares for each 15 Anvil shares—valuing Anvil at 63.5p a share or £10.2m. A cash alternative, equivalent to 56.9p a share, is also available, subject to the offer becoming unconditional.

The two companies expressed confidence yesterday that the deal will go through and that the combination of Berkeley's position in the North Sea with Anvil's extensive onshore UK acreage will enable the merged company "to take advantage in the future of strategic opportunities which are currently unavailable to each because of their relatively small sizes."

Two key Berkeley shareholders, Elf UK, with 27.2 per cent, and Guinness Mahon Energy, with 7.0 per cent, are backing the plan. But Charterhouse Petroleum, which owns 22.3 per cent, has not committed itself.

Mr Tony Craven-Walker, managing director of Charterhouse, said the company would be unlikely to declare its hand before a shareholders' meeting. "We will need to see more about the details to know whether it makes sense for shareholders," he said.

Charterhouse has in the past expressed an interest in buying Berkeley and in the City last night there was speculation that the company may use the opening created by the proposed merger to make a move of its own.

Viscount Torrington, Anvil's managing director, said that his company's institutional shareholders had expressed support for the plan, although of the major holders, only Finance and Investment International, with 25.2 per cent, had formally declared its acceptance of the offer last night.

Lord Torrington and two other Anvil directors have agreed to join the Berkeley Board.

The two companies have a complex history. Anvil, known as Attock Petroleum until 1981, used to have major interests in Pakistan. "Colourful rather than rich," is Lord Torrington's summary. Berkeley has been the subject of a recent power struggle between Mr Paul Bristol and Elf.

The two companies have one important thing in common — both own small stakes in producing North Sea fields —Berkeley in the Forties Field and Anvil in the Claymore field.

These deals were designed to provide a tax shelter for exploration spending, but in Anvil's case the logic has been somewhat undermined by the last Budget, which disallowed onshore spending against tax.

## Higher N. Sea oil output boosts Esso to £709m

BY DOMINIC LAWSON

**Esso**, the UK subsidiary of Exxon, the world's largest oil company, yesterday announced 1984 net profits of £709m, well up on the previous year's outturn of £511m.

The main reason for the increase was a 10 per cent rise in the company's North Sea oil production, which averaged 366,000 barrels a day. Also the value of each barrel produced by the company increased in sterling terms, thanks to the strength of the dollar, the currency in which oil is traded.

However the company said its refining and marketing activities had "unacceptable returns." Here Esso found that it was difficult to pass on the increased sterling costs of oil to the UK consumer. Last week Esso attempted to remedy this by increasing its retail petrol price by 5p to 204.6p a gallon.

For reasons of commercial security Esso refuses to give the figures for the profits of its various businesses, but it seems clear that last year Esso did better in the UK refining and marketing business than its rival, Shell, which made losses there.

However, Esso was prepared to reveal that its gross revenues were £10.1bn, up from £7.6bn, and that it paid taxes and royalties of £2.1bn, a 30 per cent increase on 1983's tax bill.

Mr Archie Forster, the chairman and chief executive of Esso, said yesterday that without this payment from Esso, the Government would need to put an extra 2p on the standard rate of income tax to maintain its tax revenues.

Esso was also generous to its parent company, Exxon. It has paid the parent company £930m as an annual dividend, compared with only £590m in 1983. Of this year's payout, Esso drew down £200m from retained profits from earlier years.

Last year Esso implemented capital expenditure of £450m, compared with £356m in 1983. Its 1984 return on assets, on a historic cost basis was 24.1 per cent, a considerable improvement on 1983's return of 20.5 per cent.

## M. Brown goes on the offensive

BY CHARLES BATCHELOR

**Matthew Brown**, the Blackburn-based brewer which is fighting off a £102m takeover bid from **Scottish & Newcastle Breweries**, went on the offensive yesterday with a detailed attack on the rationale for the offer.

On the day that Matthew Brown posted its defence document to shareholders a group of 20 employees made the trip to London to demonstrate against the bid in the City and outside the Houses of Parliament.

After meeting the brewery workers Mr Dale Campbell-Savours, Labour MP for Workington, where Matthew Brown has one of its four breweries, asked Mrs Thatcher during Prime Minister's question time to refer the bid to the Monopolies and Mergers Commission.

The Campaign for Real Ale yesterday launched a campaign to maintain the independence of Matthew Brown. It has mailed posters and petitions to each of the company's pubs "to give the average drinker a chance to register a protest."

Mr Patrick Townsend, the Matthew Brown chairman, argued that takeover of his company would add only 550 pubs to S. and N's existing tied estate of 1,400 pubs and would still leave S. and N. trailing far behind the other major brewers.

"They should address the real issue which for them is one of diversification," he urged. "Buying us would dilute their earnings and still they would still not have begun to address their real problem."

The 11-page defence document compared Matthew Brown's average trading margins of more than 15.5 per cent over the past five years with S&N's margins of between 7.7 and 9.3 per cent.

It argued that Matthew Brown's prize-winning Slalom lager and its Lion, John Peel and Theakston beers were premium products unsuited to S&N's commodity-based approach to beer sales.

Matthew Brown said that its trade mix of one-third of sales going to tied houses and two-thirds to free houses was the right one. It contrasted this with S&N's dependence on take home sales—the most competitive and least profitable area of the beer market.

S&N responded that the Matthew Brown document was "long on emotion and short on financial arguments."

Matthew Brown's shares fell 20p to 398p yesterday, well below the value of 453p placed on its shares by the bid S&N's shares rose 1p to 133p.

## Huntleigh Tech. placing

FULL DETAILS have been released of the placing by brokers Laing & Cruickshank of 1.23m ordinary shares—14.5 per cent—in Huntleigh Technology.

The placing price has been pitched at 150p, bring the company to the USM on a p/e of 23.7 assuming an actual tax charge. The yield is 1.4 per cent.

Huntleigh, valued at £12.7m, is run by Mr Rolf Schild as chairman, and Mr Peter Epstein as his deputy. The two have been together since 1956 when they formed SE Laboratories which went public in 1963 and was later taken over by EMI.

They later became major shareholders in Huntleigh Group before it disappeared into Flight Refuelling. As part of that deal the non-defence interests of Huntleigh were sold back to Mr Schild and Mr Epstein and these are now returning to the market in the shape of Huntleigh Technology.

Huntleigh has six divisions operating in two distinct markets —medical and industrial. In the year to December 1984 the group made profits of £710,000 on sales of £6.7m.

Most of the shares being sold represent new money for the company. The reason for going public is to provide flexibility so that opportunities may be taken advantage of. There are no particular acquisitions in mind at present.

### Godwin Warren

Godwin Warren Control Systems lifted its taxable profit from £278,000 to £506,000 in 1984, on a turnover £1.57m higher at £4.96m. The dividend of this USM company is up from 1.4p to 2p, the final being 1p.

The group makes electronic and computerised car parking systems and equipment, and railway and safety products. All product sectors achived growth, says the chairman Mr David Simpson, with the efforts in North America being "particularly rewarding."

Current year indications are such that the organic growth should continue with increased momentum in both domestic and export markets.

## Takeover bid likely for Stock Conversion

By Michael Cassell

IMMINENT sale of the 22.7 per cent stake in Stock Conversion held by Equity Trust is likely to lead to a full-scale takeover bid for the group.

Through De Zoete & Bevan, Equity has been seeking the highest offer for its holding. Stock is one of the UK's largest property development companies. All bids had to be received by yesterday and several major property groups had made offers.

Stockley, the property company which has just acquired the UK portfolio of European Properties, is known to be among the bidders. British Land is being suggested as a possible buyer which, with Stock Conversion, shares ownership of the Euston Centre in London.

Whichever company picks up the stake, it is bound to consider launching an offer for the remaining equity. The move could well spark off a fight for control involving some of the unsuccessful bidders. At last night's closing price, up 15p to a record 492p, Stock has a market value of £257m. The property portfolio is conservatively valued at just under £200m and recent City estimates of net assets, including dealing properties at cost, have risen to around 550p a share.

Equity Trust represents family interests of the late Mr Robert Clark, co-founder with Mr Jo Levy of Stock Conversion and the group's former chairman of Stock Conversion. It is now controlled by Mr Robin Clark, his son.

Last month, Mr Peter Levy, the elder son of Mr Levy, was appointed a director of Stock and expressed his continuing confidence in the group's present management and in its ability to ensure "long-term, profitable and independent growth." Any takeover bid seems likely, therefore, to meet with strong opposition.

# MINING NEWS

## Anglo golds lift dividends

BY KENNETH MARSTON, MINING EDITOR

SOME GOOD interim dividends are announced by the Anglo American Corporation group's Orange Free State gold producers after the reductions of a year ago; as already announced, the mines plan to merge in due course if all goes well.

Western Holdings comes out notably well with a higher than expected payment of 415 cents (169.2p). It goes against 250 cents a year ago and the subsequent final of 315 cents. Welkom, a holder of Western Holdings, is paying 107 cents, against 64 cents.

Free State Geduld is paying 315 cents against only 135 cents a year ago. President Brand's latest interim is raised to 250 cents (150 cents) while President Steyn is lifting its payment to 270 cents (210 cents).

East Rand Gold and Uranium (Ergo), the dump retreatment operation, is declaring a final dividend of 37.5 cents for the year to March 31 1985, to make a total of 65 cents (62.5 cents).

| | April cents | Oct cents | April cents | Oct cents |
|---|---|---|---|---|
| ERGO | 37.5 | *27.5 | 35 | *27.5 |
| F.S. Geduld | *315 | 230 | *135 | 215 |
| Pres. Brand | *250 | 200 | *150 | 220 |
| Pres. Steyn | *270 | 240 | *210 | 258 |
| W. Holdings | *415 | 315 | *250 | 325 |
| Welkom | *107 | 82 | *64 | 84 |

*Interim dividend.

The group's March quarterly reports, which complete the South African mining industry's current season, make a mixed showing. They take into account the recent Budget tax increase and, with the exceptions of Elandsrand and Vaal Reefs, reflect higher prices in rands with a lower U.S. dollar equivalent.

If exchange rates maintain their present trend the positions could be reversed in the current quarter.

GOLD PRICE RECEIVED (R per kilogramme—$ per ounce):

| | Qtr ended March 31 | Qtr ended Dec 31 |
|---|---|---|
| ERGO | R20,081 ($313) | R19,428 ($340) |
| Elandsrand | R19,400 ($293) | R19,496 ($336) |
| Free S. Geduld | R19,858 ($299) | R19,328 ($327) |
| President Brand | R19,863 ($317) | R19,097 ($333) |
| President Steyn | R19,863 ($297) | R19,357 ($330) |
| SA Land | R19,938 ($298) | R19,396 ($329) |
| Vaal Reefs | R19,365 ($293) | R19,448 ($337) |
| Western Deep | R19,526 ($307) | R19,453 ($335) |
| Western Hldgs | R19,861 ($298) | R19,483 ($330) |

Higher rand prices have prompted two mines to go ahead with new shaft-sinking. Free State Geduld proposes to start on its No 10 shaft system which would permit full development of the mine's north-east area. Western Holdings is to resume work on its Erfdeel No 2 main shaft which is expected to be in production by 1993.

President Steyn is extending its mining lease area. Rights to precious metals have been acquired over farm Kaalvallei Diamond Mine and agreement has been reached for the mineral rights on part of farm Klippan, both farms being on the mine's south-eastern boundary opposite the No 4 shaft area.

South African Land and Exploration is considering the re-establishment of underground operations at the Waverley Gold Mines' claims on farm Driefontein.

Good profit increases in the March quarter have been achieved at Ergo as a result of improved metal grades while President Steyn has done well due to increased milling.

On the other hand, costs have risen at all times, particularly at Western Deep as a result of spending on major items of equipment. In addition, the mine's tax has risen sharply because of reduced capital expenditure and subsequently decreased the quarter's net profit.

So has that of Vaal Reefs as compared with the previous quarter when there was a dividend from Southvaal; the latter's royalty from Vaal Reefs has risen to R63.8m from R59.7m in the previous three months.

| | Mar qtr R000 | Dec qtr R000 | Sept qtr R000 |
|---|---|---|---|
| ERGO | 27,718 | 19,800 | 13,931 |
| Elandsrand | 34,215 | 36,013 | 29,168 |
| FS Geduld | 27,595 | 28,144 | 28,744 |
| Pres. Brand | 58,698 | 44,608 | 65,468 |
| Pres. Steyn | 34,379 | 29,950 | 30,995 |
| SA Land | 1,329 | 2,477 | 1,190 |
| Vaal Reefs | 114,265 | †130,692 | 93,465 |
| W. Deep | 67,372 | †110,376 | 82,930 |
| W. Holdings | 47,444 | 46,802 | 61,467 |

## Porgera ore reserves upgraded

ORE RESERVES have been upgraded at the Porgera gold prospect in the Enga Province of Papua New Guinea. The joint venture comprises Placer Development, MIM Holdings and Renison Goldfields Consolidated, each with a 33⅓ per cent interest.

Further drilling at zone VII at the prospect has outlined approximately 15m tonnes of ore grading an average 6 grammes gold per tonne. This does not include a high grade sub-zone which contains a probable 1m tonnes grading a high 35g gold plus 55g silver per tonne.

These latest reserves are in addition to those previously announced for the Waruwari section, which remain unchanged at 59m tonnes averaging 3.55g gold and 14.4g silver per tonne.

While much of the Porgera gold is not recoverable by simple cyanide leaching, bench scale tests have indicated an acceptable recovery following pressure oxidisation of a sulphide concentrate.

* * *

Record gold output of 11,957 oz was achieved in the first quarter of this year by Sons of Gwalia at its low cost operations north of Kalgoorlie in Western Australia. Part of the company's production has been sold forward at prices which will exceed operating costs and revenue from the balance will guarantee profits, it is stated.

* * *

The Black Mountain lead-copper-zinc-silver mine in South Africa's north-west Cape made a net profit of R12m (£5m) in the March quarter, up from R11.7m in the previous three months. Outstanding debt was reduced by R10m to R55m. As already reported the U.S. Phelps Dodge is seeking a buyer for its 44.6 per cent stake in the mine. The rest is owned by Gold Fields of South Africa.

# UK COMPANY NEWS

## Bentalls at £3m after recovery in second half

AN UPSURGE in the second half has enabled Bentalls, the department store group, to recover from the midway setback and record an increase of 16.5 per cent in profit for the year ended February 2 1985.

The pre-tax figure comes to £3.04m, compared with £2.61m, from a turnover 5.14 per cent higher at £61.38m. The directors continued to focus attention on maximising profitability and this is evidenced by a 30 per cent advance to £2.67m in second half profit, on a turnover rise of 7 per cent. Over the year operating margins have risen from 4.7 per cent to 5.25 per cent.

Earnings for the year are shown to be up from 3.73p to 4.91p, and the dividend is lifted from 1.75p to 2.1p net with a final of 1.75p.

Tax took £990,000 (£1.05m) and there was an extraordinary credit of £1.78m, being the profit on the sale of the Ealing store less costs relating to the closure of Chatham.

Cost of the ordinary dividend this time is £872,000 (£727,000), and £2.96m (£825,000) is retained in the business.

Sales for the opening weeks of the current year are above the directors' budget, and show an increase of 10 per cent over the comparable period of 1984.

## Crowther on target with £0.5m

WITH THE major part of growth coming in the second six months the John Crowther Group saw its 1984 profits before tax surge from £227,000 to £514,000.

Turnover advanced by £3.53m to £10.87m and at the operating level profits pushed ahead from £423,000 to £767,000—the Huddersfield-based group is engaged in textile manufacture.

Shareholders' dividend is being stepped up by 0.5p to 1.5p net per 25p share. Both the dividend and profits were in line with the forecast made earlier this year at the time of the acquisition of Lennox Knitwear.

The acquisition enabled Crowther to offer its customers a wider product range and means that it is no longer dependent on one type of business. The directors are constantly looking at possible acquisitions with a view to yet further improving profitability.

Long order books in most departments and an "excellent" start to the current year should be reflected in 1985 profits.

The results of the past year included only six months' contribution from Grentwear. This company was expected to contribute "substantially" in the second six months and in future years.

Of the main core businesses, the textile unit made a good contribution and also "developed its customer base in such a way that substantial benefits will accrue in future years."

Interest costs for 1984 rose from £196,000 to £253,000, tax accounted for £57,000 (£35,000) and extraordinary debits for £60,000 (£141,000).

Earnings per share emerged 2.6p higher at 5.7p.

### ● comment

Having doubled profits last year Crowther might get close to repeating the trick in 1985. Of course, acquisitions play a role but organic growth remains strong and eps are undoubtedly heading the right way. At the beginning of the year the core textile business was budgeting for 1985 sales growth of around 20 per cent to 36,000 "pieces" of cloth but that is already looking out of date. German orders have been won which could add a further 15,000 to output on an annual basis. For a modest capital expenditure on looms—about £100,000—output could be lifted to around 50,000 pieces a year. The latest acquisitions of Lennox and the smaller Regina are fitting in well and other small deals might follow. However 1985 could be the year when Crowther makes a quantum leap. If it was in the position to go firm on a forecast of profits of, say, £1m later in the year that would give enough support to the shares to contemplate a purchase of £5m or so. Surprisingly the shares shed 5p to 60p yesterday where the prospective p/e is little more than 6, assuming a notional ACT charge.

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Gable House Properties, William Low, North Sea Assets, Ulster Television.

Finals: J. E. England (Wellington), Garfunkels Restaurants, Hammerson Property Investment and Development, J. S. O. Computer International, Renown Inc.

FUTURE DATES

Finals:

| | |
|---|---|
| Clayton, Son | Apr. 26 |
| Cole | Apr. 25 |
| Fab International | May 17 |
| Kwik-Fit (Tyres and Exhausts) | Apr 23 |
| Menzies (John) | Apr. 29 |
| Simon Engineering | Apr 25 |
| Sumner (Francis) | Apr. 25 |

## Reorganisation behind sharp advance at Betec

THE BENEFITS of continuing reorganisation together with slightly better trading conditions enabled Betec, formally Bifurcated Engineering, to almost double its profits in 1984.

Trading in the first quarter of the current year has been "rather slow" but the directors say longer term prospects and opportunities remain encouraging.

For 1984 group turnover improved from £13.88m to £14.68m and profits rose by £509,000 to £1.02m at the pre-tax level.

The group returned to the dividend list after a lapse of two years with an interim of 0.5p and the directors are now proposing a final payment of 1p net per 25p share.

The contribution from the component companies improved substantially, the engineering machinery interests continued to perform well and further progress was made in strengthening the management and technical teams to provide a base for the long-term expansion of the business.

Tax took £289,000, against £119,000, and extraordinary debits accounted for £138,000 (£172,000). Available profits amounted to £587,000 (£223,000).

Net borrowings were reduced from nearly £1.8m to below £1m.

## Internal growth gives 34% rise at First Castle

First Castle Electronics raised pre-tax profits in 1984/85 by 34 per cent to £2.33m mainly through internal growth says Mr Leslie Connor, the chairman.

Export sales have increased and "it is our plan to sustain this emphasis and reduce dependence on the UK economy." Total turnover for the year to January 31, 1985 amounted to £19.83m compared with £14.48m.

In the middle of January, the group raised around £5.1m from a rights issue and forecast profits of at least £2.2m. As promised, at the same time, a final dividend of 1.27p is recommended which raises the total from 1.925p to 2.117p per share on the enlarged capital.

Earnings per share after adjusting for the one-for-three rights rose from 8.55p to 10.56p.

First's principal activities, which are all concerned with the electronics industry, are organised into three divisions: specialist technology products; procurement and distribution; and component manufacture and services.

Centronic, the principal specialist technology subsidiary, almost doubled profits in 1984-1985 reflecting improved margins in most major products.

Fleetworld, which offers a specialist procurement service for overseas customers, had an "excellent year" while Zela experienced buoyant demand for printed circuit boards in the UK. bution division contributed around 30 per cent of turnover and 35 per cent of profits.

Within component manufacture and service, some companies suffered from reduced demand. Increased sales activity and tighter controls have been introduced.

Group profits were struck after interest payable and similar charges of £499,000 (£233,000)

### COMPANY NEWS IN BRIEF

The interest rate for this week's issue of local authority bonds is 11⅜ per cent, down ⅛ of a percentage point from last week, and compares with 9⁹⁄₁₆ per cent a year ago. The bonds are issued at par and are redeemable on April 23 1986.

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Increase of 43 per cent in sales and 60 per cent in pre-tax profit for the half-year ended March 2 1985 are reported by Share Drug Stores, the Southampton based multiple retailer of discount drugs. In the period five new branches were opened and one relocated, and the total number of stores is now 55.

Sales of the group, which came to the USM last October at 140p per share, for the period rose from £7.43m to £10.6m, and the profit before tax shot up from £374,000 to £600,000. The interim dividend is 0.7p net, and shareholders representing some 86 per cent of the capital have waived all but a nominal amount of their entitlement.

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On an annualised basis pre-tax profits of the Emess Lighting group for 1984 have shown an upsurge of 86 per cent to £955,000. The dividend is raised from the equivalent of 4.17p to 4.6p net, with a final of 2.6p.

The profit comparison shown for 1983 is £512,000 and is taken from unaudited management accounts, whereas the actual profit published was for an 18 month period and came to £695,000. The actual dividend paid totalled 12.5p, prior to a one-for-one scrip issue.

Group turnover on an annualised basis rose from £4.6m to £9.9m. Tax takes £233,000 (£111,000) to leave the net profit at £722,000 (£401,000), equal to 13.9p (12.1p) per share. Return on capital employed again exceeded 30 per cent.

* * *

NatWest USA, the U.S. subsidiary of the National Westminster Bank, made record post-tax profits of $12.7m (£9.8m) in the first quarter of this year, up 78 per cent on the same period in 1984.

Mr William Knowles, president, said gains were broad based and reflected improvements in loan volume, retail business and fee income. The return on average assets was 0.60 per cent, up from 0.38 per cent in the first three months of 1984.

The bank's balance sheet at the end of March totalled $8.8bn, compared to $7.4bn a year earlier. Much of the increase resulted from the purchase by NatWest USA of a portion of Bankers Trust's middle market business in the final quarter of 1984. This added over $600m in loans and $200m in deposits.

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Fogarty, manufacturer of home furnishings, saw its pre-tax profits fall from £1.66m to £992,000 for 1984 on sales just ahead at £35.03m (£34.32m).

A same-again 2.42p final maintains the total at 4.02p net on the enlarged capital. Earnings per 30p share are shown as 3.1p (6.7p). The directors are hoping for a full recovery in profits for 1985.

* * *

A further step in its recovery has been taken by Forward Technology Industries in 1984, with profits before tax rising by 20 per cent, from £805,000 to £965,000. As there still needs to be further diminution in borrowings, the directors cannot yet return the company to the dividend list.

The profit was struck after an exceptional bad debt of £178,000 relating to the receivership of a major distributor of records and tapes, and taking credit for a sale and leaseback profit of £103,000.

* * *

Midland Marts, the Banbury-based company dealing in livestock, agricultural property and computer software, yesterday requested a suspension of its shares, saying it was in talks with another party with a view to a substantial acquisition.

The company's shares quoted on the Unlisted Securities Market, have risen 20p over the past three days. They were suspended at 105p. Midland says it hopes to make an early statement.

* * *

Trafalgar House has extended until May 2 its £37m cash takeover bid for Haden, the electrical and mechanical engineering company, having received acceptances covering only 0.11 per cent of shares by yesterday, the first closing date. Trafalgar already held 4.99 per cent.

Haden's shares, which closed last night unchanged at 310p, have remained well above Trafalgar's 240p a share offer.

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Pre-tax profits at Walter Duncan & Goodricke moved ahead from £1.26m to £1.41m for 1984, with second-half profits rising from £618,000 to £966,000. In line with the forecast at the half-way stage the annual single dividend is maintained at 12p.

Earnings per share for the year of this group which is active in banking services, investment and warehousing, were shown as rising from 58.8p to 67.3p.

* * *

L. J. Dewhirst Holdings, clothing manufacturers, report that profit before tax has increased by 17.3 per cent from £3,417,000, to £4,007,000, for 53 weeks ended January 18, 1985. Sales increased by 27.7 per cent from £33,691,000 to £43,012,000.

Operating profit rose by 25.8 per cent but as forecast net investment income is down at £268,000 compared with £445,000. The tax charge at £1,363,000 represents 34 per cent of pre-tax profit

Sales for the first 12 weeks of the current year and forward orders are appreciably ahead of a year ago and the increased sales volume should result in a continued growth in profits

They are recommending a final dividend of 0.18p per share net making a total of 1.10p per share for the year. This is an increase of 15.3 per cent. It is also proposed to make a Scrip Issue of one for five.

### BANK RETURN

| BANKING DEPARTMENT | Wednesday April 17 1985 | Increase (+) or Decrease (—) for week |
|---|---|---|
| LIABILITIES | £ | £ |
| Capital | 10,553,000 | — |
| Public Deposits | 5,369,122,814 | + 1,448,737,135 |
| Bankers Deposits | 744,058,589 | + 69,159,591 |
| Reserve and other Accounts | 1,489,173,908 | — 45,444,004 |
| | 7,616,908,311 | + 1,472,442,712 |
| ASSETS | | |
| Government Securities | 705,348,090 | + 28,650,860 |
| Advance & other Accounts | 1,306,527,007 | + 552,391,318 |
| Premises Equipment & other Secs. | 5,593,356,380 | + 890,343,072 |
| Notes | 11,548,984 | + 1,056,558 |
| Coin | 227,850 | + 904 |
| | 7,616,908,311 | + 1,472,442,712 |

| ISSUE DEPARTMENT | | |
|---|---|---|
| LIABILITIES | £ | £ |
| Notes in circulation | 12,188,451,016 | — 361,056,558 |
| Notes in Banking Department | 11,548,984 | + 1,056,558 |
| | 12,200,000,000 | — 360,000,000 |
| ASSETS | | |
| Government Dept | 11,015,100 | — |
| Other Government Securities | 2,132,642,853 | — 228,108,936 |
| Other Securities | 10,056,342,247 | — 131,891,065 |
| | 12,200,000,000 | — 360,000,000 |

# THE PROPERTY MARKET

BY MICHAEL CASSELL

## Bredero builds its way towards the City

BREDERO, the Dutch property development and investment group which has been stepping up its activities in the UK, is considering a London stock exchange listing for its British business.

The move is being seen as an almost inevitable step in the company's UK expansion programme, although Bredero directors are emphasising that no decision on timing has been made.

Luc Zaat, a main board director and the main responsible for the group's property division, said in Utrecht this week: "It is not our intention to remain 100 per cent Dutch-owned in the UK but we have not yet decided when we will seek some degree of public participation. Nothing is imminent."

Bredero has been encouraged by its recent progress in the UK, where it got off to a slow start in 1973. Few overseas developers have attempted to establish themselves in the market but the Dutch group, which has spread its property operations around Europe and to North America, appears to have found a firm foothold in the UK. Now, depending on the outcome of some unresolved planning battles, it is poised on the edge of a major development programme.

According to Luc Zaat: "We believe there are a substantial number of development opportunities for us in Britain. We are not as foreign as we look. We 'went British' early on and have kept it that way. Now it is paying off."

Although its British operations are effectively run as a single entity, Bredero has two holding companies in the UK. Bredero UK Holdings is, through Bredero Projects, responsible for project management and shopping centre management while Breevast UK Holdings represents the group's ownership and investment interests.

### Informal

The split reflects the Dutch group's own structure, within which Bredero and Breevast are two independent companies, quoted separately on the Amsterdam stock exchange but informally tied together under the Bredero group banner. Bredero is principally involved in construction, building material manufacture, pipe coating and some property, while the majority of its real estate business is channelled through Breevast, which was created in 1963.

In 1984, turnover of Bredero fell back by 9 per cent to Dfl 1.3bn (£317m) and operating profits dropped from Dfl 42m (£9.7m) to Dfl 29m (£6.7m). The decline was mainly due to problems in its pipe-coating business.

On the property side, Breevast recorded a small fall in operating profits, although the net figure was marginally up at Dfl 18.8m (£4.3m). Zaat admits that, without the overseas operations, the property business would have had "one hell of a job" maintaining profitability.

The increasing dependency on overseas markets looks set to rise still further. Of projects in the planning stage, those scheduled for Holland have been costed at around Dfl 470m compared to around Dfl 340m in the rest of Europe—mainly in the UK—and Dfl 370m in North America.

Bredero entered property in Holland in 1961 and before long was deeply committed, along with several other partners, to one of Western Europe's biggest development projects, the Hoog Catharijne development in the centre of Utrecht. The project, which is only now being finally completed after 18 years, covers a 60-acre site and includes 1.2m sq ft of office space, 700,000 sq ft of shops, an 800,000 sq ft trade fair, 350,000 sq ft of conference space and 200,000 sq ft of residential accommodation.

Overseas, the group's present priorities lie in the UK and in North America, where it started in Canada during 1977. North American operations, based on local partnerships and small management teams, now extend from California to New York, Calgary, Winnipeg and Toronto. Bredero Consulting has just entered into a joint venture agreement to develop a 360,000 sq ft net lettable office tower next to the Transbay terminal in San Francisco. The partner is Northern Group, a local developer, and work on the $102m project should start in 1987.

Bredero is now closely studying development markets in the Far East, particularly in Malaysia and any projects undertaken will be done with local partners using local methods of financing.

The group's overseas operations have not, however, been universally successful. In recent years it has ventured into neighbouring countries like Belgium, France and West Germany, not all of which have proved rewarding. After increasing problems in France, the group has now completely withdrawn from that market.

In the UK, the business is headed by Allan Chisholme, former head of economic research at the Scottish Council who joined Bredero when in 1973 it established itself in Scotland to take advantage of the economic expansion generated by north sea oil activity.

### Housing

After playing a land assembly role in a joint venture formed to develop land at Hunterston in west Scotland, the group began building houses in Aberdeen. It has now acquired its first development site in the south east of England at Leatherhead and is looking for more land. This year, it will build around 120 homes in all.

Bredero's biggest, completed commercial development so far is the £37m Ashley Centre in Epsom, a 250,000 sq ft shopping complex completed last year and widely recognised as a retailing success.

The Epsom scheme also includes 57,000 sq ft of offices which are let to Petrofina. Bredero has a substantial side-by-side stake in the centre, along with Friends Provident. It retains management responsibility.

The group is also waiting for the go-ahead, expected within a month, on a similar-sized centre for Aberdeen. Proposals for a £35m scheme went before a public inquiry in 1980 and were approved the following year. But the decision was challenged on procedural grounds in the High Court and a second inquiry was held last year. The Wordie property company, which owns a large part of the site and was a major objector to the plans has now joined forces with Bredero. An initial funding agreement was arranged but, if the project goes ahead, it will not necessarily be with the originally proposed financial partner.

The group is, meanwhile, just starting the main, £20m phase of The Maltings at St Albans. The development, which replaced the ill-fated Bryant-Samuel proposals, will provide 220,000 sq ft of shops—70 per cent of which are already let. Bredero beat names like Norwich Union, Costain and Grosvenor Developments in a design competition.

Bredero is also starting a £17.5m joint project with Merivale Properties to develop 83,000 sq ft of properties and offices in High Wycombe and has recently completed a £7m refurbishment of Exchange Arcade, Nottingham.

The biggest scheme in the pipeline is at Hammersmith in west London, where since 1980 Bredero has held outline planning consent for 650,000 sq ft of offices on the bus station site. Detailed plans were submitted to Hammersmith council, but the Greater London Council stepped in and said the application was invalid as changes had been made to the proposals. Hammersmith pointed out that the changes had been made to reflect GLC policy and recently the High Court decided in Bredero's favour. The GLC is likely to appeal, however.

According to Chisholme: "It is a superb site for offices. That is why we have stuck with it and why we intend to see it through. We are regularly getting inquiries from major occupiers, even before construction has begun." The development could cost £100m and, with the offices being split into separate buildings, several institutions could be involved. Bredero intends to keep a share of the investment.

Chisholme sums up UK progress so far, although the profits performance remains a closely kept secret: "We have moved cautiously and have gradually made ourselves an acceptable name in the UK development business. People can now see some of the fruits of our labour and judge us on performance. A short while ago, any talk of a UK listing would have been unthinkable. Now it has to be seen as a real possibility."

## Grosvenor Square picks up Pinstone

GROSVENOR SQUARE PROPERTIES, the development and investment group which arrived on the Unlisted Securities Market early in 1984, is doubling its size by paying £7.1m for Pinstone Holdings, a 12-year-old, private property company operating principally in the Thames Valley.

The purchase will be satisfied in cash, new ordinary shares and loan stock. A further cash consideration may be payable, depending on profits arising from some of Pinstone's current development projects. Nearly all the £4.7m cash element is to be raised by a simultaneous, one-for-one rights issue of 5.9m ordinary shares at 80p each. The shares stood at 105p when they were temporarily suspended in advance of the announcement of the deal. Trading resumes today.

Pinstone is owned by Roger Sturdy, who once worked with Grosvenor chairman Paul Marber when the two men were employed by Edward Erdman, the estate agents and surveyors. Sturdy will be retained on a consultancy basis for one year.

Marber accepts that a rights issue might appear a little cheeky for such a recently listed company but says the decision enables Grosvenor to get its hands on some prime, freehold assets, a useful development programme and over £3m cash from contracted and planned property sales.

Pinstone's portfolio of good quality, mainly freehold properties, have—excluding two being repurchased by Sturdy an open market value of £8.4m. They include eight income-producing properties worth £3.7m, two of which —offices in Henley on Thames and Reading—are to be retained. The balance will be traded on.

In addition, there are five development sites which Marber says fit in well with Grosvenor's current programme, in terms of size and location. Two of these schemes, at Wokingham and Windsor, are under construction and two others in Reading and one in Farnborough should be starting soon. The schemes at Farnborough, Wokingham and Windsor will be retained as investments.

Grosvenor estimates pretax profits for the year ended March 1985 at not less than £1m and directors intend to recommend a final dividend of 3.5p net making 5.5p for the year. Dividends of not less than 6p are expected for the current year.

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Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope, by registered mail to the Secrétariat de la Direction Approvisionnement (Secretariat, Supplies Division) at the above address.

The outer envelope should not bear any mark that might identify the tender, or any heading, and should read: "Avis d'Appel à la concurrence overt national et international No. 9108-AY/MEC—Confidentiel à ne pas ouvrir" (National and International Call for Tender No. 9108-AY/MEC—Confidential do not open).

Tenders must be received 45 days at the latest after this notice is published.

Selection will be made within 180 days of the closing date of this Tender.

## Company Notices

**ORANGE FREE STATE GOLD MINING COMPANIES ADMINISTERED BY ANGLO AMERICAN CORPORATION**

**INTERIM DIVIDENDS—FINANCIAL YEARS ENDING SEPTEMBER 30 1985**

On April 10 1985 dividends were declared in South African currency, payable on June 14 1985 to members registered in the books of the undermentioned companies at the close of business on May 10 1985, and to persons presenting the relevant coupons marked "South Africa," detached from share/stock warrants to bearer.

The transfer registers and registers of members will be closed in each case from May 11 to May 24 1985, both days inclusive and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about June 13 1985. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on May 13 1985, of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before May 10 1985.

Holders of share/stock warrants to bearer are notified that the dividends are payable on or after June 14 1985, upon presentation of the respective coupons marked "South Africa" at the offices of Barclays National Bank Limited, Stock Exchange Branch, Diagonal Street, Johannesburg, South Africa; Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich, Switzerland; Credit du Nord, 6 and 8 Boulevard Haussmann, 75009 Paris, France; and Banque Bruxelles Lambert, 24 Avenue Marnix, 1050 Brussels, Belgium, only. Coupons must be left at least four clear days for examination.

Proceeds of dividends in respect of coupons marked "South Africa" may, at the request of the depositors, be converted through an authorised dealer in exchange in the Republic of South Africa into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorised dealer in exchange.

The effective rate of non-resident shareholders' tax for all the undermentioned companies is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Johannesburg and the United Kingdom.

| Name of company (each of which is incorporated in the Republic of South Africa) | Dividend No. | Coupons marked "South Africa" No. | Rate of dividend per share/unit of stock |
|---|---|---|---|
| Free State Geduld Mines Limited | 56 | 57 | 315 cents |
| President Brand Gold Mining Company Limited | 60 | 62 | 250 cents |
| President Steyn Gold Mining Company Limited | 60 | 61 | 270 cents |
| Western Holdings Limited | 69 | — | 415 cents |

The attention of holders of share warrants to bearer in President Steyn Gold Mining Company Limited is directed to the separate notice published in conjunction herewith regarding the arrangements made for them to obtain new sheets of coupons numbered 62 to 81, inclusive.

By order of the Boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: C. R. Bull
Divisional Secretary

Transfer Secretaries:
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Johannesburg 2001
(P.O. Box 61051
Marshalltown 2107)

Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Head Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

London Office:
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
April 19 1985

**PRESIDENT STEYN GOLD MINING COMPANY LIMITED**

(Incorporated in the Republic of South Africa)

**NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER (MARKED "SOUTH AFRICA")**

**Issue of new coupon sheets**

Notice is hereby given to holders of share warrants to bearer that new sheets of Coupons Nos. 62 to 81, with talons attached, may be obtained after June 14 1985 from Consolidated Share Registrars Limited, 40 Commissioner Street, Johannesburg 2001 (P.O. Box 61051, Marshalltown, 2107), against surrender of talon No. 3. Listing forms are available from Consolidated Share Registrars Limited and also at the offices of the company's paying agents, namely:

Barclays National Bank Limited
Stock Exchange Branch
Diagonal Street
Johannesburg 2001
South Africa

Credit du Nord
6 and 8 Boulevard Haussmann
75009 Paris
France

Union Bank of Switzerland
Bahnhofstrasse 45
8021 Zurich
Switzerland

Banque Bruxelles Lambert
24 Avenue Marnix
1050 Brussels
Belgium

Dividend No. 60 declared on April 10 1985 will in respect of share warrants to bearer be paid on or after June 14 1985 upon presentation of coupon No. 61, being the last of the current series of coupons, at the offices of the company's paying agents, in terms of the dividend notice.
Holders of share warrants to bearer are reminded that such warrants are of value and should not be destroyed or surrendered. Upon receipt of the new talon and coupon sheets it is recommended that they be kept in safe custody together with the relative share warrants to bearer.

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per C. R. Bull
Divisional Secretary

Head Office:
44 Main Street
Johannesburg 2001

London Office:
40 Holborn Viaduct
London EC1P 1AJ

April 19 1985

**NOTICE OF RATE OF INTEREST**
**CREDIT FONCIER DE FRANCE**
**US$75,000,000**
**GUARANTEED FLOATING RATE NOTES DUE 1988**

In accordance with the provisions of the interest determination agency agreement between Credit Foncier de France and National Bank of Abu Dhabi, Paris Branch, dated as of 18th September 1981, notice is hereby given that the rate of interest has been fixed at 9.375 per cent per annum, and that the coupon amount payable on 16th October, 1985 against Coupon No. 8 will be US$238.28 and that such amount has been computed on the actual number of days elapsed (183) divided by 360.

By National Bank of Abu Dhabi
Paris Branch
Reference Agent

*12th April, 1985*

**EAST RAND GOLD AND URANIUM COMPANY LIMITED**

(Incorporated in the Republic of South Africa)

**FINAL DIVIDEND—FINANCIAL YEAR ENDED MARCH 31 1985**

On April 10 1985 dividend No. 13 of 37.5 cents a share was declared in South African currency payable on June 14 1985 to members registered in the books of the company at the close of business on May 10 1985.
The transfer registers and registers of members will be closed from May 11 to 24 1985, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about June 13 1985. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on May 13 1985, of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before May 10 1985.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: H. E. Phillips
Divisional Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited
First Floor, Edura
40 Commissioner Street
Johannesburg 2001
(P.O. Box 61051
Marshalltown 2107)

Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Head Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

London Office:
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
April 10 1985

**ASAHI CHEMICAL INDUSTRY LIMITED**

BEARER DEPOSITARY RECEIPTS
issued by
MORGAN GUARANTY TRUST COMPANY OF NEW YORK

STOCK DISTRIBUTION

The company has decided to issue new shares in the ratio of 1 new for 20 old shares held at the record date March 30, 1985.
As from April 1, 1985 until July 29, 1985 holders of Bearer Depositary Receipts can obtain against presentation of coupon no. 23 the new shares in the same proportion as abovementioned.
The new certificates will be issued only in denomination of 50 Depositary Receipts and against payment of a commission of $1.- per new certificate issued.
Holders of coupons no. 23 who have not the proportion to obtain a new certificate will receive the cash indemnity after July 29, 1985.

**BRASCAN LIMITED**
Class "C"

INTERNATIONAL DEPOSITARY RECEIPT (IDR)
issued by
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
Brussels Office

A distribution of Can$0.49 per depositary share less any applicable taxes and fees will be payable on and after May 31, 1985, upon presentation of coupon no. 33 at any of the following offices of Morgan Guaranty Trust Company of New York:

— New York (USA), 30, West Broadway
— Brussels, 35, avenue des Arts
— Antwerp, 62, Frankrijklei
— London, 1, Angel Court
— Paris, 14, Place Vendôme
— Frankfurt, Mainzer Landstrasse, 46
— Zurich, Stockerstrasse, 38

and Banque Générale du Luxembourg, 27 avenue Monterey, Luxembourg.

**O.K. BAZAARS (1929) LIMITED**

(Incorporated in the Republic of South Africa)

NOTICE TO 6% SECOND CUMULATIVE PREFERENCE SHAREHOLDERS
DIVIDEND No. 93

NOTICE IS HEREBY GIVEN THAT the half-yearly dividend of 3% has this day been declared payable on 31 May 1985, in the currency of the Republic of South Africa, to all holders of 6% Second Cumulative Preference Shares registered in the books of the Company at the close of business on 3 May 1985.
The usual non-resident shareholders' tax of 15% will be deducted where applicable.
The Register of Members will be closed in Johannesburg and London from 4 to 12 May 1985, both dates inclusive, for the purpose of the above dividend.

By order of the Board
O. W. ROBINSON
Secretary

Registered Office:
OK Buildings, 80 Eloff Street,
Johannesburg 2001
Transfer Secretaries:
Hill Samuel Registrars Limited
6 Greencoat Place, London SW1P 1PL

16 April 1985

**NOTICE TO THE HOLDERS OF BONDS OF THE ISSUE 11.50% OF US$100,000,000.- 1980-88 MADE BY THE EUROPEAN COAL AND STEEL COMMUNITY**

The Commission of the European Communities announces that the annual instalment of Bonds amounting to US$25,000,000.- has been purchased for redemption on May 15 1985.
Amount in circulation after May 15 1985 US$75,000,000.-

**CREDIT LYONNAIS**
**U.S.$50,000,000 FLOATING RATE NOTES DUE 1988**

In accordance with the provisions of the Notes notice is hereby given that for the six month interest period from April 17, 1985 to October 17, 1985 (183 days), the Notes will carry an interest rate of 9⅝% per annum. The relevant interest payment date will be October 17, 1985 and the coupon amount per U.S.$10,000 — will be U.S.$470.21.

Banque Internationale a Luxembourg
Société Anonyme
Fiscal Agent

**PROVINCE OF NOVA SCOTIA (CANADA)**
**U.S.$15,000,000 9% Bonds 1985**

FINAL REDEMPTION

Notice is hereby given that all the outstanding Bonds of the above Loan, amounting to U.S.$1,500,000 nominal capital, will be redeemed at par on 15th May 1985, from which date all interest thereon will cease.
These Bonds may be presented at the offices of the paying agents (set out on the reverse of the coupon) in the manner specified in Condition 4 of the Terms and Conditions of the Loan printed on the Bonds, for repayment of the principal and for payment of interest due against Coupon No 15 dated 15th May 1985.

Principal Paying Agent:
N M Rothschild & Sons Limited
New Court, St Swithin's Lane,
London EC4P 4DU.

19th April 1985

## Courses

**THE JAPANESE DEAL**

The Japanese Language Package can help you to help yourself communicate with the Japanese. This language package contains: Japanese for Beginners — the text book (£14.50), Japanese for Beginners — the cassette tapes (£24.00). And an English to Japanese Dictionary (£9.60). Total package price £48.00 (p&p £2.10).
All books are published by Gakken, Japan's most famous producer of educational material, and produced under licence only by us.
This means that these are the lowest prices available in this country.
*Send no money. For more information please contact:*
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5 Warwick Street, London W1R 5EA
Tel: 01-439 8035

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## Art Galleries

AGNEW GALLERY, 43 Old Bond St, W1. 629 6176. MODERN BRITISH WORKS OF ART Until 26 April, Mon.-Fri. 9.30-5.30. Thurs until 6.30.

MARTYN GREGORY: Dr Thomas Boswell Watson, Physician and Amateur Artist in China. 11th-25th April, 10 am-6 pm (weekdays), 10 am-1 pm (Saturdays). 34 Bury Street, St. James's, London, SW1 (01-839 3731).

JOHN PIPER RECENT GOUACHES. Open 20 April at Bohun Gallery, Station Road, Henley, Oxon. Tel. 0491 576228.

PHAB PHYSICALLY HANDICAPPED AND ABLE BODIED

**A UNIQUE OCCASION**

at The Royal Institution of Great Britain
21 Albemarle Street, London W1

MONDAY 13 MAY 1985 5.30 p.m.–7.30 p.m.

SIR ADRIAN SWIRE (Deputy Chairman, John Swire & Sons Limited) will deliver the third annual Sir John Keswick Memorial Lecture.

It will focus on Hong Kong and China, and include personal and business observations as well as slides about the Far East – it is an opportunity not to be missed.

The event is in aid of PHAB – physically handicapped and able bodied – the national charity which creates opportunities for physically handicapped children and adults to share the rich variety of life, in all its activities and experiences, on equal terms with able bodied people.

Tickets which include a Wine Reception at 5.30 p.m. are £10 each (double ticket £18). Please apply to: Joan Windle, PHAB (Keswick Lecture), Tavistock House North, Tavistock Square, London WC1H 9HX. Tel: 01-388 1963.

Please supply ____ tickets. *Cheque enclosed for £* ____ *payable to PHAB*

Name ____

Address ____

____ Tel. No. ____

## Personal

THE MARRIAGE BUREAU (Heather Jenner), 124 New Bond Street, W1. 01-629 9634 (Est. 1939).

## Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189 Regent St. 01-734 0557.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday April 19 1985

Slim ray of hope for Jamaican bauxite, Page 36

WALL STREET

# Rates hit by lower GNP data

INTEREST rates fell heavily on the New York credit markets yesterday after the Commerce Department revised its first-quarter GNP statistics to show growth of only 1.3 per cent, *writes Terry Byland in New York.*

Treasury bill rates plunged to their lowest levels since the end of January, and bond prices soared after traders were caught on the wrong foot by the Commerce Department's announcement. The stock market opened firmly but soon turned down as the implications of a slowing economy were revealed in disappointing profits news from U.S. industry.

At the close the Dow Jones industrial average was down 7.16 at 1,265.13.

Wall Street had expected the revised GNP figures to show little change from the flash estimate of 2.1 per cent growth – indeed, Wednesday brought a rash of rumours that the figure had been upgraded. The Commerce Department news came before credit markets opened and sparked off an immediate fall in the U.S. dollar in New York and a surge in bond prices.

The market's key long bond, the 11.25 per cent of 2015, jumped by more than a full point to stand at 100¹¹⁄₃₂, with the yield down to about 1.20 per cent. During the past fortnight, the long bond yield has fallen by more than 40 basis points.

An equally rapid fall in short-term rates encouraged the stock market at first. Three-month Treasury bills fell a further 16 basis points to 7.61 per cent. Similar falls in CD rates were also stimulated by a dip in Fed funds to 7¹³⁄₁₆ per cent. Twelve-month Treasury bills lost more than 20 basis points.

The stock market opened more than six points higher and was additionally enlivened by the confirmation that Mr Ted Turner had made his threatened bid for CBS, the television news network recently under siege from political conservatives.

However, with motors and technology stocks flagging, after bad news from leading companies, early gains were replaced by losses.

A loss of $⅞ to $128¾ in IBM reflected general weakness in the sector after dismal corporate news. The weak feature was Texas Instruments, $5⅛ down at $104¼ after disclosing a heavy slump in profits. Tandy, which owns the Radio Shack personal computer retail chain, tumbled $2¼ to $34¾, with more than 1m shares traded after disclosing a two-thirds fall in earnings. But Control Data, which confirmed losses at its Ohio thrift subsidiary, added $⅜ to $28⅞.

American Motors was unchanged at $3⅞ on plans to cut costs heavily. Other motor issues gave up some of recent gains, with General Motors $⅝ down at $72¾ and Ford a similar amount off at $43⅞.

CBS opened $7 up at $116¾, but further examination of Mr Turner's "junk bond" financed offer brought out the sellers, taking the stock back to $108¼, a net fall of $1⅝ in heavy trading. Turner Broadcasting traded unchanged at $24¼ in the over-the-counter market.

Another takeover stock to hit trouble was Unocal. Down $1 to $45⅝, with more than 1m shares traded as some of Mr T. Boone Pickens' financial backers appeared to back down.

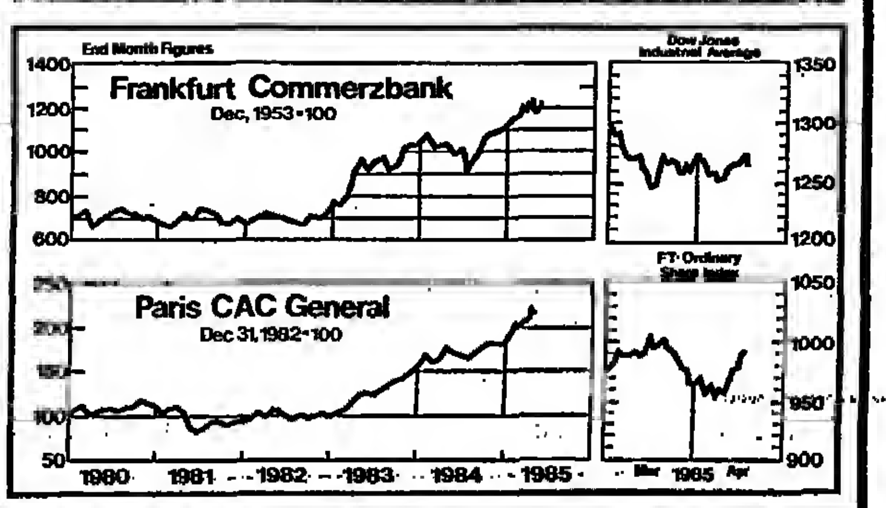
Inland Steel shed $¼ to $23⅝ on results. Other major stocks to respond to trading news included Dow Chemical, $⅜ down at $28⅞, Minnesota Mining & Manufacturing, $⅜ higher at $76¼, and Schlumberger, $¼ better at $38¾.

Transamerica, $⅜ off at $29⅝, and Rockware, $⅛ off at $35⅝, responded coolly to profits statements. At $55⅝, Time Inc gave up $⅝, also after an earnings report.

R. J. Reynolds, the tobacco group, gained $½ to $83⅛ on the trading figures while Phillip Morris, also expected to report progress shortly, slipped $⅜ to $91.

Even the banking sector, which is benefiting from the sudden fall in funding costs in the money market, weakened yesterday. Bankers Trust at $65¾ and Chase Manhattan at $54⅞ lost $½ each.

## KEY MARKET MONITORS




**STOCK MARKET INDICES**

| | April 18 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 1,265.13 | 1,272.31 | 1,156.51 |
| DJ Transport | 589.46 | 594.33 | 499.69 |
| DJ Utilities | 156.03 | 155.62 | 126.93 |
| S&P Composite | 180.84 | 181.88 | 157.9 |
| **LONDON** | | | |
| FT Ord | 991.5 | 988.8 | 880.0 |
| FT-SE 100 | 1,305.5 | 1,304.0 | 1,116.2 |
| FT-A All-share | 628.89 | 626.56 | 523.65 |
| FT-A 500 | 692.12 | 699.68 | 569.18 |
| FT Gold mines | 507.2 | 521.2 | 683.2 |
| FT-A Long gilt | 10.46 | 10.51 | 10.28 |
| **TOKYO** | | | |
| Nikkei-Dow | 12,052.82 | 12,302.06 | 10,932.80 |
| Tokyo SE | 942.34 | 953.9 | 853.6 |
| **AUSTRALIA** | | | |
| All Ord. | 856.2 | 853.4 | 759.2 |
| Metals & Mins. | 559.9 | 556.7 | 539.5 |
| **AUSTRIA** | | | |
| Credit Aktien | 76.05 | 75.35 | 54.94 |
| **BELGIUM** | | | |
| Belgian SE | 2,220.46 | 2,224.51 | – |
| **CANADA** | | | |
| **Toronto** | | | |
| Metals & Minls | 2,069.3* | 2,067.8 | 2,187.0 |
| Composite | 2,646.6* | 2,647.3 | 2,331.0 |
| **Montreal** | | | |
| Portfolio | 130.59* | 130.51 | 113.31 |
| **DENMARK** | | | |
| Copenhagen SE | 189.20 | 189.94 | 192.67 |
| **FRANCE** | | | |
| CAC Gen | 216.8 | 214.3 | 171.8 |
| Ind. Tendance | 118.9 | 117.7 | 89.9 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 423.52 | 421.28 | 349.61 |
| Commerzbank | 1,225.9 | 1,220.7 | 1,024.0 |
| **HONG KONG** | | | |
| Hang Seng | 1,500.09 | 1,505.97 | 1,090.20 |
| **ITALY** | | | |
| Banca Comm. | 273.31 | 270.51 | 218.37 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 207.7 | 206.6 | 160.3 |
| ANP-CBS Ind | 166.1 | 166.1 | 128.0 |
| **NORWAY** | | | |
| Oslo SE | 312.79 | 310.33 | 281.47 |
| **SINGAPORE** | | | |
| Straits Times | 792.10 | 793.47 | 990.84 |
| **SOUTH AFRICA** | | | |
| Golds | n/a | 1,113.8 | 1,029.8 |
| Industrials | n/a | 965.9 | 1,055.9 |
| **SPAIN** | | | |
| Madrid SE | 110.15 | 110.86 | 82.11 |
| **SWEDEN** | | | |
| J & P | 1,431.44 | 1,428.03 | 1,527.88 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 420.6 | 419.2 | 373.4 |
| **WORLD** | Apr 17 | Prev | Year ago |
| Capital Int'l | 204.1 | 204.0 | 188.4 |

**GOLD** (per ounce)

| | Apr 18 | Prev |
|---|---|---|
| London | $327.25 | $328.25 |
| Zürich | $328.00 | $327.05 |
| Paris (fixing) | $326.64 | $329.23 |
| Luxembourg | $324.75 | $328.75 |
| New York (June) | $330.80 | $327.90 |

* Latest available figure

**CURRENCIES**

| (London) | U.S. DOLLAR Apr 18 | U.S. DOLLAR Previous | STERLING Apr 18 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.2915 | 1.2785 |
| DM | 2.9845 | 3.0265 | 3.865 | 3.87 |
| Yen | 247.9 | 249.35 | 320.5 | 318.0 |
| FFr | 9.12 | 9.23 | 11.775 | 11.795 |
| SwFr | 2.4895 | 2.525 | 3.23 | 3.23 |
| Guilder | 3.3825 | 3.4215 | 4.37 | 4.375 |
| Lira | 1,917.0 | 1,930.0 | 2,475.0 | 2,475.0 |
| BFr | 60.35 | 60.9 | 77.8 | 77.95 |
| C$ | 1.35275 | 1.35675 | 1.743 | 1.731 |

**INTEREST RATES**

| | Apr 18 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 12⅝ | 12½ |
| SwFr | 5⅝⁄₁₆ | 5⅛ |
| DM | 5¹³⁄₁₆ | 5⅞ |
| FFr | 10¹¹⁄₁₆ | 10¾ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 8⁹⁄₁₆ | 8¹¹⁄₁₆ |
| 6-month U.S.$ | 9⅛₁₆ | 8¹⁵⁄₁₆ |
| **U.S. Fed Funds** | 7¾* | 8⅜₁₆ |
| **U.S. 3-month CDs** | 8.15* | 8.30 |
| **U.S. 3-month T-bills** | 7.69 | 7.76 |

**U.S BONDS**

| Treasury | | Apr 18* Price | Apr 18* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|---|
| 10⅞ | 1987 | 101²⁷⁄₃₂ | 9.679 | 101¹⁹⁄₃₂ | 9.892 |
| 11⅝ | 1992 | 103¹⁴⁄₃₂ | 11.026 | 102²⁸⁄₃₂ | 11.17 |
| 11¼ | 1995 | 100²⁶⁄₃₂ | 11.122 | 99²⁶⁄₃₂ | 11.265 |
| 11¼ | 2015 | 100⅜₃₂ | 11.213 | 99¹⁹⁄₃₂ | 11.33 |
| **Corporate** | | **Apr 18*** | | **Prev** | |
| AT & T | | Price | Yield | Price | Yield |
| 10⅜ June 1990 | | 96⅝ | 11.30 | 96⅝ | 11.30 |
| 3⅞ July 1990 | | 75 | 10.18 | 75 | 10.18 |
| 8⅜ May 2000 | | 77⅞ | 11.95 | 77⅞ | 11.95 |
| Xerox | | | | | |
| 10⅜ March 1993 | | 94⅞ | 11.65 | 94⅞ | 11.65 |
| Diamond Shamrock | | | | | |
| 10⅜ May 1993 | | 93⅜ | 11.85 | 93⅜ | 11.85 |
| Federated Dept Stores | | | | | |
| 10⅞ May 2018 | | 88.253 | 12.10 | 88.253 | 12.10 |
| Abbot Lab | | | | | |
| 11.80 Feb 2013 | | 97.186 | 12.15 | 97.186 | 12.15 |
| Alcoa | | | | | |
| 12¼ Dec 2012 | | 86.911 | 12.65 | 96.911 | 12.65 |

**FINANCIAL FUTURES**

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| June | 72-07 | 72-17 | 72-01 | 71-12 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| June | 92.18 | 92.25 | 92.03 | 81.88 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| June | 91.59 | 91.65 | 91.41 | 91.35 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| June | 91.28 | 91.32 | 90.92 | 91.03 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| June | 107-23 | 107-29 | 107-00 | 107-06 |

**COMMODITIES**

| (London) | Apr 18 | Prev |
|---|---|---|
| Silver (spot fixing) | 507.35p | 502.20p |
| Copper (cash) | £1,173.00 | £1,218.50 |
| Coffee (May) | £1,985.50 | £2,052.00 |
| Oil (spot Arabian light) | $27.65 | $27.65 |

LONDON

# Sterling's rise dulls sentiment

PROSPECTS for an immediate cut in UK base lending rates improved midway through the London session yesterday following release of the first-quarter estimate of U.S. gross national product.

Simultaneous news of a favourable UK public sector borrowing requirement figure gave sentiment a further boost, but a rise in the value of the pound took some of the shine off leading equities and internationals.

An early afternoon gain of 9 points in the FT Ordinary index was trimmed to a 2.7 point rise, and the index closed at 991.5.

Gilts encountered gains across the board with longs rising up to ¾ in places.

Financials were mixed, with Commercial Union 4p down at 227p and Midland Bank 7p up at 357p. Recently active stores proved a feature, with Harris Queensway 20p stronger at 212p and Bentalls 5p cheaper at 97p.

*Chief price changes, Page 30; Details, Page 31; Share information service, Pages 32–33*

## AUSTRALIA

BHP continued to dominate Sydney trading as the All Ordinaries index recovered some recently lost gain with a 3-point gain to 656.3 while the All Resources index put on 3.8 to 592.0.

The exercising of BHP April options accounted for about 25 per cent of total turnover of 88.67m. The diversified industrial group rose 6 cents to A$6.42.

Woodside Petroleum, which is the target of a joint BHP/Shell Australia bid, put on 1 cent to A$1.60 as the bidders claimed to have secured at least 50 per cent of Woodside's equity.

Elsewhere, Bougainville dropped 2 cents to A$2.38 ahead of production figures. Banks and media issues made strong gains.

## SOUTH AFRICA

THE REBOUND in the bullion price boosted Johannesburg gold shares although the firmness failed to surface in other sectors.

Buffels scored a sparkling R7 gain to R89, a new high for the year, while Driefontein edged R1 higher to R55.50, just below its 12-month peak. Free State Geduld settled 25 cents firmer at R57.75.

The normal follow-through of strength in the gold sector to other areas failed to materialise with diamond share De Beers 10 cents cheaper at R10.25 while industrial leader Barlow Rand fell 30 cents to R11.15.

## SINGAPORE

AN INITIAL directionless trend in Singapore found form and took the Straits Times industrial index down 1.37 to 792.10.

Among the actives, Everpeace rose 5 cents to S$1.20, Promet ended 5 cents higher at S$1.44 and Malaysian Resources firmed 1½ cents to 73½ cents.

OUB was suspended at S$3.82 ahead of its announcement of a slump in profits and a one-for-five rights issues.

Other banks saw DBS ease 5 cents to S$6.05 while Malayan firmed 5 cents to S$5.85. UOB added 2 cents to S$4.38.

Plantations edged higher in light trading, and properties were slightly mixed.

## HONG KONG

FURTHER losses were sustained in an uneasy Hong Kong that took the Hang Seng index down 5.88 to 1,500.09 after the previous session's fall of over 15 points.

The main feature of the day was the successful HK$703m bid by Swire Pacific for a prime government development site. Swire traded up to 30 cents cheaper but finished unchanged at HK$24.10.

China Light suffered one of the sharpest declines of the session with a 30-cent drop to HK$14.80.

EUROPE

# A further extension of firmer tone

THE FIRMER tone exhibited in Europe on Wednesday consolidated yesterday, and most bourses tended higher after initial weakness in some quarters.

Paris was buoyed by a smaller-than-expected trade deficit in March and good corporate results.

Imetal, the non-ferrous metals holding group, continued its rise after announcing on Tuesday healthy profits for 1984. It added FFr 6 to FFr 116.

Construction issue Bouygues put on FFr 24 to FFr 674 on higher profits for the previous year, and Thomson-CSF added FFr 12 to FFr 590 on the back of support following higher earnings.

Among declines, foods group Lesieur slid FFr 12 to FFr 790 after a sharp drop in profits.

Enthusiasm returned to **Amsterdam**, boosted by early firmness in the dollar and a continuing downward move in interest rates.

In insurances, Amev jumped Fl 7.50 to Fl 228.50 on buoyant earnings and a hefty dividend. Aegon also rose, putting on Fl 1 to Fl 180.

Internationals, however, were hit late in the session as the dollar began to weaken. Royal Dutch ended 30 cents lower at Fl 202.30, Unilever slid Fl 2.50 to Fl 345.30 and KLM dropped 50 cents to Fl 60.

The bond market remained subdued ahead of next week's tender for the new 7.75 per cent state loan. Prices ended mixed to lower, with gains or losses of between 10 or 20 basis points.

Insurers were again in the limelight in **Zurich** on further consideration of healthy profits. Winterthur added SwFr 55 to SwFr 3,980, Zurich Versicherung SwFr 400 to SwFr 23,000 and Swiss Re SwFr 75 to SwFr 10,525.

Further consideration of the better results at George Fischer took the price up SwFr 2 to SwFr 712, and foods group Nestlé profited from a surge in income, adding SwFr 25 at SwFr 6,425.

Bonds closed firm with some issues gaining as much as 50 basis points.

A late rally in **Frankfurt** as the dollar declined pulled some issues back to their highs of the day, but most finished mixed.

Banks suffered most from the dollar's position. Bayerische Vereinsbank fell DM 4 to DM 340, Deutsche Bank was DM 3.30 lower at DM 469.70, Dresdner slid DM 3 to DM 230 ex-rights and Commerzbank lost DM 2.50 to DM 170.20.

Siemens, however, continued its strong performance, adding DM 2.10 to DM 547.60 ex-dividend, and Brown Boveri put on DM 1.20 to DM 214.20.

Car issues were generally higher, reversing the previous day's trend. BMW put on DM 2 to DM 376, and Daimler, at DM 662, was DM 1 higher.

Bonds recovered from early lower prices to end little changed, and the Bundesbank sold DM 40.5m of paper after DM 34.5m on Wednesday.

The slight decline in **Brussels** witnessed in the past few days halted as stocks stayed steady to slightly higher.

Cockerill added BFr 15 to BFr 241, and Sofina was up BFr 60 at BFr 7,260, while Solvay lost BFr 90 to BFr 4,020, ahead of higher earnings and a proposed dividend increase.

**Stockholm** ended marginally up with interest centring on Skandia. The insurer's shares were suspended before it announced plans to seek a bourse listing for its international holding company.

**Milan** ended higher in the first session of the new trading month, but Madrid could not sustain Wednesday's momentum and fell sharply.

TOKYO

# Sharp drop follows weak rally

BIOTECHNOLOGY-related issues were sold heavily in Tokyo yesterday to take the Nikkei-Dow market average sharply lower amid mounting disappointment at the previous day's weak rally from Tuesday's record slide, *writes Shigeo Nishiwaki of Jiji Press.*

The index plummeted 249.24 to 12,052.82, the fifth biggest drop on record. Volume amounted to 369m shares, down from 441m on Wednesday. Declines outnumbered advances 559 to 223, with 126 issues unchanged.

A major securities company official said heavy sales were triggered by an across-the-board decline in leading biotechnology-related issues. Another factor was that equities on Wednesday recouped less than one third of the ground lost the previous day, he said.

Yamanouchi dropped a maximum Y500 to Y3,160, Dainippon Pharmaceutical a maximum Y350 to Y4,600 and Green Cross a maximum Y250 to Y2,800.

Nissan Chemical eased Y12 to Y430 on the biggest volume of 20.47m shares. The issue had soared Y80 the previous day on investor interest in its possible tie-up with Dow Chemical. Teikoku Oil, an Y80 gainer on Wednesday, shed Y7 to Y776 following the yen's slide against the U.S. dollar, and Dowa Mining moved down Y24 to Y736.

Asahi Chemical, the second busiest stock with 9.25m shares traded, weakened Y37 to Y823, Mitsubishi Chemical Y10 to Y456, Sanraku-Ocean Y70 to Y940 and Toyojozo Y90 to Y1,570.

New materials-related stocks also dipped. Mitsubishi Steel fell Y45 to Y675, Riken Y9 to Y751, Nihon Cement Y16 to Y259 and Sumitomo Cement Y29 to Y353.

Conversely, American Depositary Receipts-related issues firmed in small-lot buying after overnight gains on Wall Street. Matsushita Electric Industrial strengthened Y40 to Y1,440 and Pioneer Y70 to Y2,490.

However, market sources believe active buying of ADR issues by non-residents is unlikely. Foreign buy orders through the four main securities companies remained small at 7.5m shares against sell orders for 19.50m.

Bonds eased. Dispirited by lower U.S. bond prices and the yen's depreciation, institutional investors kept a low profile, awaiting news of the flash estimate of the first quarter U.S. gross national product.

The yield on the benchmark 7.3 per cent government bond maturing in December 1993 rose from 6.635 per cent to 6.650 per cent.

## CANADA

OILS dominated a fluctuating Toronto as early gains were largely eroded.

Among the most actives, Gulf Canada was C$⅛ lower at C$19⅞, Turbo Resources traded 3 cents higher to 64 cents and Dome Petroleum dipped 5 cents to C$3.40.

Banks displayed a measure of resistance to the downturn in Montreal.

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 23½ | 16⅛ | AAR | .48 | 2.8 | 14 | 48 | 16¾ | 16½ | 16½ | -⅛ |
| 19¾ | 9⅞ | AGS | | | 9 | 76 | 12⅛ | 11⅞ | 11⅞ | -¼ |
| 18⅛ | 10 | AMCA | | | | 43 | 11⅛ | 10⅞ | 10⅞ | -⅛ |
| 21 | 13½ | AMF | .50 | 2.5 | 44 | 2298 | 20⅛ | 19⅝ | 19⅝ | |
| 43¼ | 24¼ | AMR | | | 10 | 5615 | 42½ | 41⅜ | 41⅝ | -⅝ |
| 20¾ | 18⅝ | AMR pf | 2.18 | 10 | | 43 | u21 | 20⅝ | 20⅞ | +⅜ |
| 25⅞ | 22⅛ | ANR pf | 2.67 | 11. | | 8 | 25¼ | 25 | 25 | +¼ |
| 14¼ | 8½ | APL | | | 39 | 34 | 8⅛ | 8 | 8 | -¼ |
| 67¼ | 44⅛ | ASA | 2 | 3.7 | | 350 | 53⅝ | 52⅞ | 53½ | +⅝ |
| 27 | 18 | AVX | .32 | 1.8 | 10 | 279 | 16⅝ | 16¼ | 16½ | -⅛ |
| 54 | 36¾ | AbtLab | 1.40 | 2.7 | 15 | 1020 | 51½ | 51 | 51 | -½ |
| 25⅞ | 16¾ | AccoWd | .44 | 2.0 | 16 | 53 | 22¼ | 22⅛ | 22¼ | +¼ |
| 22 | 12½ | AcmeC | .40 | 2.9 | | 14 | 14 | 13¾ | 14 | +¼ |
| 10½ | 8¼ | AcmeE | .32b | 3.7 | 11 | 2 | 8¾ | 8¾ | 8¾ | |
| 17⅝ | 15 | AdaEx | 2.11e | 13. | | 105 | 16⅝ | 16⅝ | 16⅝ | -¼ |
| 20 | 11⅞ | AdmMl | .32 | 2.0 | 8 | 131 | 17¼ | 16 | 16⅛ | -1⅛ |
| 19½ | 8⅝ | AdvSys | .53t | 5.8 | 15 | 602 | 10¼ | 9½ | 9½ | -⅞ |
| 41⅛ | 25⅛ | AMD | | | 13 | 5721 | 31⅛ | 29⅞ | 29⅞ | -1⅜ |
| 12¾ | 6⅞ | Advest | .12 | 1.3 | | 462 | 9⅝ | 9 | 9¼ | +¼ |
| 14⅝ | 8¾ | Aeroflex | | | 12 | 62 | 12⅝ | 12¼ | 12⅝ | +⅛ |
| 42⅝ | 27¼ | AetnLf | 2.64 | 6.5 | 36 | 3180 | 40⅞ | 40⅜ | 40¾ | +½ |
| 58¾ | 52⅝ | AetL pf | 5.83e | 10. | | 109 | 55¾ | 55¼ | 55¾ | +⅛ |
| 35 | 15¾ | Ahmns | 1.20 | 3.6 | 19 | 899 | 34¼ | 33¼ | 33¼ | -⅜ |
| 4⅛ | 2½ | Aileen | | | 21 | 65 | 2¾ | 2¾ | 2¾ | |
| 51 | 38⅝ | AirPrd | 1.20 | 2.5 | 11 | 590 | 48½ | 48⅛ | 48½ | +⅛ |

[illegible]

Continued on Page 29

# AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 30

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

X Y Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 46⅞ | 33¾ | Xerox | 3 | 6.4 | 18 | 3823 | u47⅜ | 46½ | 46⅝ | [illegible] |
| 52 | 45¼ | Xerox pf5.45 | | 11 | | 24 | 51¾ | 51⅜ | 51¾ | [illegible] |
| 30 | 24 | ZaleCp 1.32 | | 5.0 | 8 | 44 | 26¾ | 26 | 26½ | [illegible] |
| 24⅞ | 13⅝ | Zapata .84 | | 5.5 | 16 | 126 | 15⅝ | 15¼ | 15¼ | |
| 59 | 30 | Zayre .40b | | .7 | 15 | 386 | u59½ | 56½ | 59 | |
| 31¼ | 18⅛ | ZenithE | | | 7 | 1028 | 22 | 21⅝ | 21⅜ | [illegible] |
| 21⅞ | 14⅜ | Zero s | | | 17 | 36 | 18⅞ | 18⅝ | 18⅝ | [illegible] |
| 31⅜ | 21⅜ | Zurnin 1.32 | | 4.5 | 11 | 40 | 29½ | 29⅛ | 29⅛ | [illegible] |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

# WORLD STOCK MARKETS

## AUSTRIA

| Apr. 10 | Price Schs | + or − |
|---|---|---|
| Creditanstalt | 898 | +8 |
| Coesse | 440 | +13 |
| Interunfall | 648 | −52 |
| Laenderbank | 202 | +2 |
| Perlmooser | 415 | +12 |
| Steyr Daimler | 158 | −4 |
| Voitscher Mag | 598 | +5 |

## BELGIUM/LUXEMBOURG

| Apr. 18 | Price Frs. | + or − |
|---|---|---|
| B.B.L. | 1,910 | +10 |
| Banq. Int. A. Lux | 6,150 | |
| Bekaert B | 5,800 | −100 |
| Ciment CBR | 2,430 | −15 |
| Cockerill | 241 | +15 |
| Delhaize | 7,700 | |
| EBES | 3,088 | −35 |
| Electrobel | 8,450 | |
| Fabrique Nat | 1,870 | −25 |
| GB Inno BM | 3,230 | +5 |
| GBL (Brux) | 1,950 | +5 |
| Gevaert | 3,810 | −40 |
| Hoboken | 0,010 | +10 |
| Intercom | 2,170 | −20 |
| Kredietbank | 8,100 | |
| Pan Hldgs | 11,000 | |
| Petrofina | 6,850 | −80 |
| Royale Belge | 12,100 | +100 |
| Soc. Gen. Banq. | 8,310 | +10 |
| Soc. Gen. Belge | 1,880 | −110 |
| Sofina | 7,280 | +00 |
| Solvay | 4,020 | −80 |
| Stanwick Intl. | 1,580 | |
| Traction El | 5,925 | +20 |
| UCB | 6,050 | −50 |
| Wagon Lits | 2,860 | −60 |

## GERMANY

| Apr. 10 | Price Dm. | + or − |
|---|---|---|
| AEG-Telef | 113.8 | +0.7 |
| Allianz Vers | 1118xr | −2 |
| BASF | 804.0 | −0.5 |
| Bayer | 214.6 | +0.8 |
| Bayer-Hypo | 348.5 | −3.5 |
| Bayer-Verein | 340 | −4 |
| BHF-Bank | 281 | −2 |
| BMW | 876 | +2 |
| Brown Boveri | 814.8 | +1.8 |
| Commerzbank | 170.8 | −2.6 |
| Cont'l. Gummi | 137.5 | −0.3 |
| Daimler-Benz | 668 | +1 |
| Degussa | 352 | −0.5 |
| D'sche Babcock | 163.5 | −2.5 |
| Deutsche Bank | 469.7 | −3.3 |
| Dresdner Bank | 205xr | −3 |
| GHH | 188.3 | +3.1 |
| Hochtief | 475 | |
| Hoechst | 815 | +0.2 |
| Hoesch Werke | 110 | −2.7 |
| Holzmann (P) | 412 | +7 |
| Horten | 171 | +1 |
| Hussel | 294 | +8 |
| Karstadt | 817 | +3 |
| Kaufhof | 228 | |
| KHD | 256xr | |
| Kloeckner | 72 | −1.8 |
| Linde | 454.5 | +8.5 |
| Lufthansa | 191 | |
| MAN | 155 | +8 |
| Mannesmann | 185.3 | +0.1 |
| Mercedes Hld. | 581 | +4 |
| Metallgesel | 208.5 | −1.0 |
| Munich Rueck | 1250 | +1 |
| Nixdorf | 571.5 | +10.5 |
| Porsche | 1185xd | +09 |
| Preussag | 272 | −5 |
| Rhein West Elect | 187 | −2.9 |
| Rosenthal | 241 | |
| Schering | 466 | −0 |
| Siemens | 547.8xd | +2.1 |
| Thyssen | 100 | −1.5 |
| Varta | 184 | |
| Veba | 185 | +0.7 |
| V.E.W. | 122.5 | +1.5 |
| Verein-West | 320 | |
| Volkswagen | 202.2 | −2.4 |

[illegible]

## DENMARK

[illegible]

## FRANCE

[illegible]

## NORWAY

[illegible]

## SPAIN

[illegible]

## SWEDEN

[illegible]

## SWITZERLAND

[illegible]

## ITALY

[illegible]

## NETHERLANDS

[illegible]

## AUSTRALIA

[illegible]

## JAPAN

[illegible]

## HONG KONG

[illegible]

## SINGAPORE

[illegible]

## SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

## CANADA

### TORONTO

*Prices at 1.30pm April 18*

[illegible]

# OVER-THE-COUNTER

*Nasdaq national market, 3pm prices*

[illegible]

Continued on Page 38

# LONDON

**Chief price changes**
**(in pence unless otherwise indicated)**

**RISES**

| | | |
|---|---|---|
| Ex 12¾% 1990 | £104¾ | + ⅜ |
| Ex 13¼% 1996 | £112⅝ | + ⅜ |
| Anvil Pet | 60 | +10 |
| Belhaven Brew | 59 | + 6 |
| Bespak | 228 | +16 |
| Carless Capel | 160 | +10 |
| Goldberg (A.) | 59 | +10 |
| Harris Queens | 212 | +20 |
| Hepworth Cer | 146 | + 9 |
| Land Sec | 297 | + 7 |
| Midland Bank | 357 | + 7 |
| North Foods | 240 | + 6 |
| Pentl Indo. | 660 | +20 |
| Reuters B | 382 | +15 |
| Rolfe & Nolan | 130 | +15 |
| Smiths Inds. | 210 | +10 |
| Stock Conv | 492 | +15 |
| Taylor Wood | 395 | + 8 |
| Thorn EMI | 447 | + 7 |
| Ward White | 270 | +14 |

**FALLS**

| | | |
|---|---|---|
| BETEC | 77 | −10 |
| Bentalls | 97 | − 5 |
| Brit Vita | 190 | −10 |
| Brown (Matthew) | 398 | −20 |
| Comm Union | 227 | − 4 |
| MEPC | 297 | − 8 |
| Minet Hldgs. | 240 | −10 |
| RTZ | 630 | −12 |
| Sedgwick | 358 | − 8 |
| Vosper | 250 | −25 |

# AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

[illegible]



[illegible]

## MARKET REPORT

# Gilts surge higher late but leading shares retreat from session's highest levels

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Mar 25 | Apr 11 | Apr 12 | Apr 22 |
| Apr 15 | Apr 25 | Apr 26 | May 7 |
| Apr 29 | May 9 | May 10 | May 20 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

Prospects for an immediate cut in UK base lending rates improved considerably midway through the London session yesterday following release of the first-quarter estimate for U.S. Gross National Product. Eleventh-hour hopes that the figure would be higher than the recent 2.1 per cent "flash" forecast were dashed by the official announcement of an increase of only 1.3 per cent. The dollar immediately came under pressure and sterling responded strongly to touch $1.30; earlier the rate had been down to $1.2595.

Simultaneous news of a favourable UK Public Sector Borrowing Requirement figure also gave markets a boost. The tone in Government bonds was transformed as investors were jolted from earlier inactivity, and a scramble for stock brought about exhaustion of the authorities' remaining supply of the Conversion 9½ per cent 2004 taplet, at 92½. All Gilts went higher and longer-dated stocks soon showed net rises extending to ¾, these replacing early losses of ¼.

Sterling eventually came away from its highest level against the dollar but this caused little dismay in markets, which were optimistic of lower borrowing charges either today or early next week. The possibility of interest rates falling faster than envisaged owing to the latest economic and financial data redirected attention to shorter Gilts. The sector encountered a lively demand to display closing gains equal to those of longer maturities.

Leading shares were buoyant until the late afternoon rise in sterling. International stocks and overseas earners had come back into fashion with business showing signs of expansion in many equity sectors. At 2.00 pm, the FT Ordinary share index was nearly nine points up and standing higher for the fifth consecutive trading session. A bout of profit-taking, however, greeted the pound's strength and, with dealers only too ready to lower prices in an attempt to avoid the sales, the tone became unsettled.

Business in the after-hours' trade was subsequently reduced to a trickle and most blue chips industrials were unable to regain their earlier shine. The upshot was that the FT index retreated further late to close only 2.7 higher on the day at 991.5.

### Life issues firm

Life insurances were stimulated by a Press report that the Government was to abolish the State earnings-related pension scheme. Speculation that this could lead to a substantial increase in their pension business attracted buyers to the sector and double-figure gains soon became evident. Legal and General finished 19 to the good at 672p and Prudential 14 up at 636p, while Britannia put on 13 to 885p and London and Manchester 12 to 707p. Refuge gained 10 to 365p and Sun Life 12 to 850p. Elsewhere, Minet dropped 10 more for a two-day decline of 34 to 240p on the warning of the sizeable losses facing one of its managed underwriting syndicates. Other Lloyds Brokers fell away late in sympathy with the ailing dollar. Derek Bryant, at 390p, and C. E. Heath, at 578p, cheapened 10 apiece, while Sedgwick, 356p, Stewart Wrightson, 557p, and Willis Faber, 622p, all ended 8 lower. Interest in Composites centred still on Commercial Union, which eased to 223p on profit-taking before rallying after-hours to finish a net 4 lower on balance at 227p.

Clearing banks took the recent recovery a stage further, but failed to hold the highest levels. NatWest added 8 more at 603p, after 605p, while Midland put on 7, at 357p as did Lloyds, at 547p. Barclays hardened a couple of pence to 357p, after 363p, while the new shares—dealt in fully-paid form from today—improved the same amount to 200p, after 203p.

Norscot Hotels made a satisfactory debut in the Unlisted Securities Market, the shares opening and closing at 119p compared with the placing price of 113p.

Leading Breweries, neglected recently, attracted steady support and closed around the day's best. Whitbread "A" were again wanted and firmed 5 for a two-day gain of 10 at 200p, while Allied-Lyons hardened 4 more to 182p. Scottish and Newcastle touched 136p before settling only a penny dearer on balance at 133p amid thoughts that the shares and cash offer for Matthew Brown is likely to incur a reference to the Monopolies Commission; Brown opened lower at 393p, and eased further to 390p before closing a net 20 lower on balance at 398p. Elsewhere in regionals, Belhaven responded to persistent speculative interest and spurted 6 to 59p, after 60p.

The undertone in the Building sector was firm, but interest remained selective. Taylor Woodrow continued to reflect the good preliminary results and rose 8 more to 395p, while Alfred McAlpine firmed 4 afresh to 244p and SGB gained 7 to 187p. Demand, ahead of the annual results, due soon, left Thomas Warrington 2 dearer at 68p. Press mention helped Federated Housing harden a penny at 47p, but Benford Concrete Machinery shed 2 to 62p following disappointing preliminary figures.

ICI moved ahead to 800p before reacting on currency influences to close a penny cheaper on balance at 781p; the first-quarter figures are due next Thursday. Among other Chemicals, Laporte touched 443p following the good annual results and proposed one-for-three scrip issue, but a subsequent bout of profit-taking left the close a net 4 off at 430p. Horace Cory closed a ½ dearer at 48½p, after 51p, after revealing good preliminary figures and a 100 per cent bonus issue. Brent Chemicals firmed 4 to 126p on news that Standard Life Assurance had increased its stake to 6.19 per cent.

Harris Queensway, down to 178p after preliminary profits some £4m below market estimates, subsequently staged an impressive recovery to close 20 dearer on balance at 212p as analysts came away from the company's presentation in encouraging mood; sentiment was buoyed by vague takeover talk. Home Charm dipped to 350p following the disclosure that chairman Manny Fogel had disposed of 2¼m shares with various institutions at 344p apiece; buyers emerged at the lower levels, however, and the close was only a net 4 off at 354p. Elsewhere, Ward White spurted 14 to 270p following bumper full-year profits, but Bentalls, a firm market of late on asset value considerations, slipped 5 to 97p reflecting disappointment with the annual results. J. Hepworth responded afresh to the interim figures and rose 8 more to 206p, while speculative demand was evident for A. Goldberg, 10 up at 59p. Goldsmiths, 6 better at 210p and Bolton Textile, 3 to the good at 26p, the last-mentioned following "call" option activity.

Leading Stores reflected the prospect of an imminent reduction in bank base lending rates. Burton added 6 at 495p, while Sears closed 2½ dearer at 88p. Recent takeover high-flier Debenhams hardened a couple of pence further to 263p.

Thorn EMI were the liveliest of the Electrical majors, rising 7 to 447p, after 450p, on further consideration of the management changes and vague takeover gossip. Elsewhere, Applied Holographics, unsettled of late by news that two directors, including a founder, had resigned, rallied 25 to 230p with the Warrants 20 higher at 180p.

Secondary Engineering issues provided several noteworthy movements. APV responded to comment on the preliminary statement with a gain of 10 at 258p but Vosper, strong recently on nationalisation compensation hopes, reacted smartly on profit-taking to close 25 cheaper at 250p. Renewed support lifted Fife Indmar 7 further to 167p and Glynwed 4 more to 205p, but Stothert and Pitt, the subject of bid speculation recently, eased 5 to 153p. A flurry of buying prompted a rise of 5 to 37p in Linread.

Leading Foods often settled below the best levels. Cadbury Schweppes revived strongly and touched 156p before slipping back on currency considerations to close 3 dearer on balance at 152p, while Rowntree Mackintosh rose 8 more to 410p. A squeeze on professional bear positions lifted Northern Foods 8 to 240p.

### Reuters good

International stocks succumbed to afternoon currency influences and often settled a few pence lower on balance. Glaxo were an exception and still managed a gain of ¼, at £12½, having been up to £12⅝ earlier. Elsewhere in the miscellaneous industrial sector, Reuters "B" were prominent at 382p, up 15, following the agreement to market the Instinet equity service outside North America. Christies came to life and put on 18 to 608p amid revived takeover talk, while buyers reappeared for Pentland Industries, which rallied 20 to 660p after recent profit-taking. Bespak were again favoured and rose 18 further to 228p, while a gain of 9 to 146p in Hepworth Ceramic was accompanied by revived rumours of a possible bid from Consolidated Gold Fields. Smiths Industries encountered revived investment demand and rose 10 to 210p. Eastern Produce advanced 10 to 342p and Sale Tilney a similar amount to 638p, while Gestetner were noteworthy for a gain of 7 to 113p. USM-quoted Rolfe and Nolan moved ahead to 133p before settling a little below the best at 130p for a rise of 15 on the day. BETC, in contrast, fell 10 to 77p following the preliminary figures and a report of slow first quarter trading. Also reflecting trading statements, SI Group eased 4 to 37p and Marshall (Loxley) a like amount to 40p. British Vita fell 10 to 190p in belated response to the chairman's statement at the annual meeting, while profit-taking clipped 12 from Appledore, at 198p.

Jaguar, initially firm at 299p, reacted to the dollar's poor showing, and despite the company's encouraging first-quarter report, closed a net 2 lower at 292p. Lucas Industries, on the other hand, rose 5 to 269p following a substantial aerospace order.

Bid favourite Stock Conversion regained the limelight in the Property sector, rising 15 to 492p, after 500p, following Press suggestions that MEPC had joined the list of possible bidders for the group. MEPC closed 8 down at the day's lowest of 297p. Stockley, also suggested as a likely suitor for Stock Conversion, continued to trade actively and added a penny more to 80p. Press comment also drew attention to Land Securities, up 7 at 297p, and Marler Estates, 5 higher at 170p.

Tootal eased the turn to 74p as the bitterly-contested offer from Australian concern Entrad lapsed; J. Rothschild Holdings, which entered the fray on Wednesday, is believed to have lifted its stake in Tootal to around 8.5 per cent via further market purchases.

Favourable Press comment boosted BP to 558p before the decline in the dollar stifled overseas demand and left the shares a net 5 firmer at 552p.

Secondary oils continued to provide a number of firm features. Anvil Petroleum jumped 10 to 60p, after 63p, in the wake of the agreed share exchange offer from Berkeley Exploration; the latter eased to 130p before closing 3 down at 133p. Carless Capel were well supported among onshore explorers and posted a 10 improvement at 160p.

Elsewhere, talk of an imminent drilling report boosted Invent Energy £1¼ to a record £12.

### Golds retreat

Developments in foreign exchange markets both prior to and following the release of the latest U.S. GNP figure proved the determining factor in mining markets.

Bullion dropped to $325.5 in initial London trading but rallied to $330 in the early afternoon slipping back to close a net $1 at $327.25 an ounce.

Gold and related shares mirrored this performance. The early weakness of gold encouraged persistent Continental selling of many Golds and this trend continued throughout the morning session. Afternoon trading brought about a revival of American support — prompted by the decline in the dollar — but the effects of a weakening dollar cancelled out any attempted rally in sterling quotations which generally settled around the day's lows. The Gold Mines index, calculated in sterling terms, fell 14.0 more to 507.2, extending the decline over the past three days to one of 29.7.

Dividends and quarterly reports from the mines in the Anglo American Corporation were not known during market hours.

UK Financials showed Rio Tinto-Zinc a further 12 off at 630p — a two-day fall of 25 — following the less-than-favourable Press reception given to the preliminary results.

Business in Traded Options improved significantly with 10,719 contracts struck — the highest total for over a month. The FT-SE 100 accounted for 632 calls and 455 puts. Commercial Union were again lively on take-over talk with 2,021 calls done, the April 220's and July 240's contributing 546 and 776 trades respectively.

## FINANCIAL TIMES STOCK INDICES

| | Apr. 18 | Apr. 17 | Apr. 16 | Apr. 15 | Apr. 12 | Apr. 11 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 82.00 | 81.58 | 81.83 | 81.77 | 81.40 | 81.21 | 81.64 |
| Fixed Interest | 86.03 | 85.79 | 85.80 | 85.58 | 85.58 | 85.47 | 86.31 |
| Ordinary | 991.5 | 988.8 | 979.5 | 977.0 | 967.8 | 967.4 | 880.0 |
| Gold Mines | 507.2 | 521.2 | 535.6 | 536.0 | 533.6 | 524.8 | 583.8 |
| Ord. Div. Yield | 4.08 | 4.60 | 4.65 | 4.67 | 4.73 | 4.77 | 4.36 |
| Earnings, Yld.% (full) | 11.57 | 11.51 | 11.73 | 11.67 | 11.82 | 11.96 | 9.97 |
| P/E Ratio (net) (*) | 10.63 | 10.49 | 10.38 | 10.44 | 10.20 | 10.18 | 12.11 |
| Total bargains (Est.) | 24,872 | 25,464 | 26,064 | 24,920 | 26,098 | 25,698 | 22,977 |
| Equity turnover £m. | — | 387.82 | 498.81 | 450.02 | 493.52 | 593.40 | 253.32 |
| Equity bargains | — | 29,728 | 25,431 | 25,199 | 28,684 | 23,198 | 10,597 |
| Shares traded (ml) | — | 902.0 | 242.4 | 230.4 | 210.5 | 290.5 | 135.1 |

10 am 992.9. 11 am 994.3. Noon 996.3. 1 pm 997.0.
2 pm 997.7. 3 pm 993.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 10.22.

### HIGHS AND LOWS

| — | 1985 High | 1985 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 82.00 (18/4) | 78.08 (28/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 86.03 (18/4) | 82.17 (28/1) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary | 1024.5 (22/1) | 928.7 (3/1) | 1024.6 (22/1/85) | 49.4 (26/6/40) |
| Gold Mines | 636.9 (15/4) | 439.5 (25/1) | 734.7 (15/2/83) | 43.5 (26/10/71) |

### S.E. ACTIVITY INDICES

| | Apr. 17 | Apr. 10 |
|---|---|---|
| Daily Gilt Edged Bargains | 139.1 | 107.4 |
| Equities Bargains | 147.3 | 154.8 |
| Value | 783.8 | 967.5 |
| 5-day Average Gilt Edged Bargains | 158.4 | 170.8 |
| Equities Bargains | 160.9 | 100.0 |
| Value | 802.7 | 807.5 |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Apr 1 | Apr 19 | July 11 | July 22 |
| Apr 22 | May 3 | July 25 | Aug 5 |
| May 7 | May 17 | Aug 8 | Aug 19 |

*For rate indications see end of Share Information Service*

Call options were taken out in Eglinton Oil and Gas, Osceola, North Kalgurli, Premier Oil, Inter-City, Vosper, Thorn EMI, Bupla, Johnson and Firth Brown, BBA, STC, Brengreen, C. H. Bailey, Commercial Union, Pentland, Bolton Textile, "The Times" Veneer, Cosalt, Arrow Chemicals, James Finlay, Coronation Syndicate and Sound Diffusion. A put was done in Flogas. No doubles were reported.

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price | Day's change |
|---|---|---|
| Commercial Union | 227 | − 4 |
| Falcon Resources | 465 | — |
| Harris Queensway | 212 | +20 |
| Hepworth Ceramic | 146 | + 9 |
| Invent Energy | £12 | + 1¼ |
| Laporte Industries | 430 | − 4 |
| Legal and General | 672 | +19 |
| Lon. & Manch. Secs. | 9 | − 1 |
| Pilkington Bros. | 285 | + 7 |
| Prudential | 636 | +14 |
| Rolfe and Nolan | 130 | +15 |
| Ward White | 270 | +14 |

## WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

| Stock | No. of changes | Wed. close | Day's change |
|---|---|---|---|
| Barclays† | 25 | 198pm | +18 |
| ICI | 22 | 782 | +10 |
| Glaxo | 18 | £12⅛ | + 0⅛ |
| NEI | 17 | 86 | + 9½ |
| RTZ | 17 | 642 | −13 |
| Comm. Union | 18 | 231 | + 5 |
| Falcon Res. | 15 | 465 | — |
| British Telecom | 15 | 140 | + 3½ |
| Debenhams | 15 | 261 | +14 |
| Br. Aerospace | 14 | 423 | − 9 |
| Midland Bank | 14 | 350 | +12 |
| NatWest. Bank | 14 | 395 | +23 |
| Woolworth | 14 | 852 | + 9 |
| MFI Furniture | 13 | 290 | + 7 |

† Nil-paid.

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thur April 18 1985 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 30%) | Est. P/E Ratio (Net) | xd adj. 1985 to date | Wed April 17 Index No. | Tues April 16 Index No. | Mon April 15 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (207) | 556.49 | +0.2 | 10.09 | 3.99 | 12.35 | 4.30 | 555.45 | 551.26 | 551.02 | 522.36 |
| 2 | Building Materials (24) | 502.00 | +1.0 | 12.76 | 4.96 | 9.72 | 1.33 | 496.78 | 495.42 | 495.39 | 523.55 |
| 3 | Contracting, Construction (29) | 717.74 | +0.3 | 13.04 | 5.62 | 9.88 | 4.36 | 715.78 | 710.41 | 706.49 | 769.49 |
| 4 | Electricals (15) | 1598.95 | — | 10.30 | 4.55 | 12.14 | 2.79 | 1598.66 | 1564.96 | 1566.18 | 1725.53 |
| 5 | Electronics (36) | 1731.49 | — | 8.55 | 2.94 | 15.04 | 12.79 | 1732.13 | 1707.23 | 1715.08 | 1775.32 |
| 6 | Mechanical Engineering (62) | 311.60 | +0.5 | 10.77 | 4.41 | 11.19 | 3.02 | 310.08 | 309.71 | 308.81 | 248.55 |
| 8 | Metals and Metal Forming (8) | 193.75 | +0.9 | 11.67 | 7.57 | 10.59 | 1.94 | 191.96 | 191.93 | 190.52 | 201.56 |
| 9 | Motors (17) | 165.64 | — | 13.33 | 5.06 | 9.27 | 2.58 | 165.70 | 165.17 | 164.99 | 140.23 |
| 10 | Other Industrial Materials (16) | 934.68 | −0.4 | 7.75 | 3.34 | 15.60 | 9.00 | 938.50 | 935.75 | 930.06 | 687.42 |
| 21 | CONSUMER GROUP (178) | 655.16 | +0.4 | 9.42 | 3.79 | 12.84 | 3.64 | 652.40 | 646.68 | 645.47 | 530.23 |
| 22 | Brewers and Distillers (23) | 577.80 | +1.0 | 11.71 | 4.65 | 10.59 | 3.56 | 572.21 | 569.90 | 568.95 | 519.35 |
| 25 | Food Manufacturing (20) | 505.24 | +1.4 | 11.55 | 4.76 | 10.81 | 7.27 | 498.42 | 492.43 | 491.44 | 405.86 |
| 26 | Food Retailing (13) | 1585.39 | +0.2 | 6.04 | 2.38 | 22.07 | 4.85 | 1582.32 | 1567.69 | 1572.32 | 1184.58 |
| 27 | Health and Household Products (9) | 1049.22 | +0.1 | 6.31 | 2.69 | 18.53 | 1.35 | 1047.81 | 1040.78 | 1020.61 | 820.04 |
| 29 | Leisure (23) | 688.06 | +1.2 | 8.56 | 4.72 | 15.27 | 9.96 | 679.84 | 678.22 | 666.89 | 689.90 |
| 32 | Newspapers, Publishing (12) | 1783.23 | +0.3 | 6.56 | 4.26 | 19.76 | 10.05 | 1778.36 | 1768.58 | 1770.58 | 1348.58 |
| 33 | Packaging and Paper (14) | 312.17 | +0.3 | 11.09 | 4.19 | 10.48 | 1.07 | 311.38 | 310.21 | 308.14 | 268.98 |
| 34 | Stores (42) | 626.34 | +0.8 | 6.71 | 3.15 | 18.21 | 1.55 | 621.14 | 615.67 | 618.03 | 476.07 |
| 35 | Textiles (19) | 326.14 | +0.1 | 15.96 | 4.66 | 7.28 | 8.41 | 325.66 | 323.56 | 321.99 | 304.57 |
| 36 | Tobaccos (3) | 875.43 | −2.0 | 16.62 | 4.98 | 6.71 | 5.43 | 893.30 | 880.54 | 890.15 | 646.37 |
| 41 | OTHER GROUPS (98) | 685.83 | +0.2 | 8.83 | 3.97 | 14.28 | 4.58 | 684.29 | 675.13 | 673.84 | 455.85 |
| 42 | Chemicals (17) | 766.50 | −0.2 | 13.31 | 4.78 | 9.33 | 13.77 | 767.86 | 753.43 | 744.71 | 629.15 |
| 44 | Office Equipment (4) | 189.30 | +0.9 | 6.98 | 4.44 | 17.74 | 2.92 | 187.68 | 185.75 | 185.00 | 135.06 |
| 45 | Shipping and Transport (12) | 1187.78 | +1.1 | 6.80 | 4.60 | 18.71 | 18.65 | 1175.06 | 1155.45 | 1156.37 | 872.65 |
| 46 | Miscellaneous (63) | 854.68 | +0.7 | 7.26 | 3.31 | 16.85 | 3.32 | 848.38 | 841.03 | 838.14 | 612.63 |
| 48 | Telephone Networks (2) | 831.79 | −0.1 | 8.04 | 3.87 | 16.22 | 0.70 | 832.51 | 821.29 | 824.58 | 0.0 |
| 49 | INDUSTRIAL GROUP (483) | 646.05 | +0.3 | 9.44 | 3.89 | 13.06 | 4.14 | 644.85 | 637.81 | 636.84 | 521.59 |
| 51 | Oils (17) | 1196.66 | +0.6 | 15.57 | 6.96 | 7.89 | 37.00 | 1189.16 | 1168.58 | 1170.86 | 1125.82 |
| 59 | 500 SHARE INDEX (500) | 692.12 | +0.4 | 10.27 | 4.31 | 11.99 | 6.75 | 689.68 | 682.28 | 681.57 | 572.22 |
| 61 | FINANCIAL GROUP (115) | 457.53 | +0.6 | — | 5.42 | — | 6.32 | 454.69 | 450.77 | 448.06 | 380.68 |
| 62 | Banks (6) | 444.44 | +1.1 | 17.53 | 7.71 | 8.06 | 10.72 | 439.50 | 425.29 | 420.58 | 383.15 |
| 65 | Insurance (Life) (8) | 691.42 | +2.3 | — | 4.59 | — | 12.95 | 675.93 | 674.87 | 668.84 | 486.31 |
| 66 | Insurance (Composite) (7) | 342.70 | −0.4 | — | 5.69 | — | 4.15 | 344.14 | 343.39 | 337.80 | 279.90 |
| 67 | Insurance (Brokers) (7) | 1078.19 | −1.9 | 7.98 | 3.68 | 16.69 | 11.28 | 1099.51 | 1108.96 | 1124.24 | 776.22 |
| 68 | Merchant Banks (11) | 229.04 | — | — | 4.17 | — | 1.22 | 229.04 | 229.00 | 230.14 | 247.16 |
| 69 | Property (50) | 633.53 | +0.5 | 5.59 | 3.62 | 23.71 | 1.29 | 630.46 | 630.57 | 630.96 | 580.93 |
| 70 | Other Financial (26) | 286.98 | +0.9 | 8.30 | 5.64 | 14.64 | 4.29 | 284.44 | 283.77 | 283.03 | 263.80 |
| 71 | Investment Trusts (106) | 586.39 | +0.5 | — | 3.39 | — | 4.35 | 583.71 | 582.82 | 590.88 | 515.81 |
| 81 | Mining Finance (4) | 300.52 | −1.2 | 11.01 | 5.26 | 11.22 | 1.50 | 304.08 | 309.24 | 311.08 | 318.84 |
| 91 | Overseas Traders (14) | 663.73 | +0.2 | 9.02 | 6.40 | 13.76 | 7.06 | 662.72 | 660.11 | 657.19 | 580.00 |
| 99 | ALL-SHARE INDEX (739) | 628.89 | +0.4 | — | 4.46 | — | 6.99 | 626.56 | 620.64 | 620.05 | 526.47 |

| | Index No. | Day's Change | Day's High | Day's Low | April 17 | April 16 | April 15 | April 12 | April 11 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX | 1305.5 | +1.5 | 1313.0 | 1305.4 | 1304.0 | 1290.8 | 1288.5 | 1275.8 | 1269.3 | 1116.2 |

### FIXED INTEREST

| | PRICE INDICES | Thur April 18 | Day's change % | Wed April 17 | xd adj. today | xd adj. 1985 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 117.49 | +0.33 | 117.10 | — | 3.69 |
| 2 | 5-15 years | 129.41 | +0.54 | 128.72 | — | 5.01 |
| 3 | Over 15 years | 137.00 | +0.47 | 136.36 | — | 3.03 |
| 4 | Irredeemables | 150.67 | +0.73 | 149.57 | — | 1.62 |
| 5 | All stocks | 128.17 | +0.46 | 127.59 | — | 4.24 |
| 6 | Debentures & Loans | 109.71 | −0.17 | 109.90 | — | 3.26 |
| 7 | Preference | 77.27 | — | 77.27 | — | 2.30 |
| | BRITISH GOVERNMENT INDEX-LINKED STOCKS | | | | | |
| 8 | All stocks | 109.74 | −0.25 | 110.01 | — | 1.03 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thur April 18 | Wed April 17 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 10.41 | 10.51 | 10.18 |
| 2 | Coupons | 15 years | 10.51 | 10.56 | 10.35 |
| 3 | | 25 years | 10.11 | 10.15 | 9.88 |
| 4 | Medium | 5 years | 11.27 | 11.41 | 10.82 |
| 5 | Coupons | 15 years | 10.79 | 10.85 | 10.80 |
| 6 | | 25 years | 10.29 | 10.34 | 10.20 |
| 7 | High | 5 years | 11.31 | 11.45 | 10.93 |
| 8 | Coupons | 15 years | 10.94 | 11.01 | 10.96 |
| 9 | | 25 years | 10.46 | 10.51 | 10.31 |
| 10 | Irredeemables † | | 9.92 | 10.00 | 9.78 |
| 11 | Debs & | 5 years | 12.03 | 12.00 | 11.38 |
| 12 | Loans | 15 years | 11.74 | 11.71 | 11.47 |
| 13 | | 25 years | 11.52 | 11.49 | 11.55 |
| 14 | Preference † | | 12.71 | 12.71 | 12.70 |
| 15 | Inflation rate | 5% | 3.41 | 3.39 | 3.36 |
| 16 | | 10% | 3.24 | 3.22 | 3.17 |

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. For record of XD adjustments during 1985 to date please write to the Prices Room, Financial Times, 10, Cannon Street, London EC4P 4BY, enclosing stamped addressed envelope.

## EUROPEAN OPTIONS EXCHANGE

| Series | | May Vol. | May Last | Aug. Vol. | Aug. Last | Nov. Vol. | Nov. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $300 | — | — | 50 | 41 B | — | — | $329.50 |
| GOLD C | $320 | — | — | 99 | 85 | — | — | " |
| GOLD C | $325 | 24 | 13 | — | — | — | — | " |
| GOLD C | $340 | — | — | 46 | 10.50 | 0 | 23 | " |
| GOLD C | $360 | — | — | 10 | 10 | — | — | " |
| GOLD C | $375 | 15 | 1 | — | — | — | — | " |
| GOLD C | $380 | — | — | 99 | 5 | — | — | " |
| GOLD P | $325 | 20 | 5.50 | — | — | — | — | " |
| | | June | | Sept. | | Dec. | | |
| SILVER C | $700 | 16 | 95 | — | — | — | — | $654 |
| $/FL C | Fl.336 | 90 | 10.50 A | — | — | — | — | Fl.338.50 |
| $/FL C | Fl.340 | 18 | 8 A | — | — | — | — | " |
| $/FL C | Fl.345 | 50 | 5.50 | — | — | — | — | " |
| $/FL C | Fl.350 | 56 | 4 | — | — | — | — | " |
| $/FL C | Fl.355 | 98 | 2.80 A | — | — | — | — | " |
| $/FL C | Fl.360 | 99 | 6 | — | — | — | — | " |
| $/FL C | Fl.365 | 34 | 1.50 | — | — | — | — | " |
| $/FL C | Fl.370 | 00 | 1 | 1 | 5.50 A | — | — | " |
| $/FL C | Fl.390 | 13 | 0.50 | — | — | — | — | " |
| $/FL P | Fl.325 | 180 | 4.90 | — | — | — | — | " |
| $/FL P | Fl.330 | 823 | 0.50 | — | — | — | — | " |
| $/FL P | Fl.340 | 27 | 11 | 19 | 16 B | 10 | 10.50 | " |
| $/FL P | Fl.345 | 00 | 14.50 | 5 | 18.60 | — | — | " |
| $/FL P | Fl.350 | 25 | 17.50 A | — | — | — | — | " |
| $/DM P | Fl.300 | — | — | — | — | 10 | 18 B | DM299 |
| £/$ C | $195 | 90 | 0.60 | — | — | — | — | $129.75 |
| £/$ C | $190 | — | — | 20 | 0 A | — | — | " |
| £/$ C | $120 | 95 | 1.60 | — | — | — | — | " |
| £/$ C | $125 | 85 | 2.90 | 60 | 6 A | — | — | " |
| | | Apr. | | Jul. | | Oct. | | |
| ABN C | Fl.420 | 165 | 0.40 | 69 | 10.30 | 45 | 13 | Fl.417 |
| ABN P | Fl.560 | — | — | 1 | 1.30 | 20 | 3.60 | " |
| AEGN C | Fl.180 | 388 | 1.50 | 111 | 8 | 34 | 14.50 | Fl.180 |
| AEGN P | Fl.180 | 592 | 1.20 | 265 | 9 | 2 | 11 B | " |
| AH C | Fl.220 | 52 | 0 | 85 | 19 A | 3 | 15.50 A | Fl.220.50 |
| AH P | Fl.210 | — | — | 08 | 4 | 2 | 5.70 | " |
| AKZO C | Fl.110 | 5518 | 5.30 | 906 | 6.50 | 207 | 9 | Fl.113.30 |
| AKZO P | Fl.110 | — | — | 696 | 4.60 | 92 | 5.80 B | " |
| AMRO C | Fl.75 | 548 | 0.50 | 70 | 8.70 | 33 | 8.70 | Fl.75.70 |
| AMRO P | Fl.75 | 2 | 0.10 | 0 | 4.30 | 83 | 4.80 | " |
| GIST C | Fl.190 | 419 | 0.10 | 101 | 4.10 | 5 | 9.50 A | Fl.185 |
| GIST P | Fl.190 | — | — | 39 | 5 B | — | — | " |
| HEIN C | Fl.150 | 376 | 4.50 | 46 | 7.50 | — | — | Fl.155 |
| HEIN P | Fl.160 | 38 | 5 | 0 | 7.50 | 9 | 8.50 | " |
| HOOG C | Fl.60 | 1200 | 0.90 | 98 | 9.70 | 7 | 5 | Fl.60 |
| HOOG P | Fl.60 | 300 | 0.50 | 257 | 4 | — | — | " |
| KLM C | Fl.00 | 679 | 0.30 | 208 | 4.30 A | 97 | 6.60 A | " |
| KLM P | Fl.60 | 310 | 0.40 | 964 | 3 | 25 | 4.20 | " |
| NEDL C | Fl.160 | 100 | 0.40 | 107 | 0.80 | 3 | 7 | Fl.170.70 |
| NEDL P | Fl.180 | 153 | 1.60 | 14 | 15.50 | 10 | 17.50 | " |
| NATN C | Fl.67.50 | 470 | 0.80 | — | — | 60 | 5.40 | Fl.68.60 |
| NATN P | Fl.70 | 158 | 8 | 150 | 4 | 50 | 4.50 | " |
| PETR P | Fr.7000 | 14 | 230 | — | — | — | — | Fr.6,860 |
| PHIL C | Fl.55 | 672 | 2.70 | 326 | 3.80 | 244 | 6.20 | Fl.57.80 |
| PHIL P | Fl.60 | 859 | 2.40 | 147 | 4.10 | 558 | 4.30 | " |
| RD C | Fl.200 | 1999 | 2.80 | 750 | 0.60 | 175 | 0.70 | Fl.202.30 |
| RD P | Fl.200 | 560 | 0.30 | 160 | 7.60 | 16 | 12 B | " |
| ROBE P | Fl.75 | 20 | 8.90 B | 26 | 5.60 | 25 | 3.70 B | Fl.71.60 |
| UNIL C | Fl.340 | 99 | 9.60 | 70 | 11.50 | 61 | 17 A | Fl.345.30 |
| UNIL P | Fl.340 | — | — | 756 | 9 B | 10 | 10 B | " |

TOTAL VOLUME IN CONTRACTS: 42,308

A=Ask B=Bid C=Call P=Put

## RECENT ISSUES

### EQUITIES

| Issue price p | Amount paid up | Latest Renunc. date | 1985 High | 1985 Low | Stock | Closing price p | + or − | Net Div. | Times covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ‡155 | F.P. | 8/5 | 179 | 166 | ✤Assoc. Steel Dist.£1 | 189 | | u8.0 | 2.1 | 6.8 | [illegible] |
| 58 | F.P. | 19/4 | 79 | 68 | ✤BTS 10p | 71 | +1 | bg3.4 | 2.0 | 6.8 | 9.2 |
| ‡195 | F.P. | 3/5 | 225 | 170 | ✤Bedford (William) 5p | 175 | | n3.5 | 2.6 | [illegible] | [illegible] |
| ‡110.30 | F.P. | 17/5 | 115 | 100 | Blagden Inds. | 111 | +1 | 7.2 | 1.8 | 9.3 | 7.6 |
| 60 | F.P. | 3/4 | 88 | 70 | ✤Crown Int'l.Prod 10p | 80 | | bg2.1 | 1.6 | 3.8 | 20.5 |
| — | F.P. | — | 42 | 37 | German Small. Wrrts. | 40 | | — | — | — | — |
| ‡145 | F.P. | 14/3 | 190 | 149 | Hillsdown Hldgs. 10p | 150 | +2 | bg0.5 | 2.7 | 3.3 | 14.6 |
| 82 | F.P. | 2/5 | 86 | 80 | ✤Laidlaw Thomson | 81 | | g3.5 | 2.0 | 6.2 | 11.5 |
| ‡145 | F.P. | 26/4 | 172 | 156 | Mann 20p | 170 | | bg3.5 | 2.8 | 2.9 | 17.3 |
| 175 | F.P. | 15/5 | 210 | 195 | New London Oil 5p | 195 | −3 | — | — | — | — |
| ‡113 | F.P. | — | 118 | 118 | ✤Norscot Hotels 50p | 119 | | — | — | — | — |
| 100 | 75 | 1/3 | 78 | 70 | Pacific Assets Tst. 50p | 76 | | — | — | — | — |
| ‡‡ | F.P. | — | 44 | 39 | Do. Ser. 1 Warrants | 43 | +1 | — | — | — | — |
| | F.P. | — | 90 | 73 | P.&O. Warrants | 78 | | — | — | — | — |
| 100 | F.P. | 10/4 | 107 | 95 | ✤Pepe 10p | 95 | −1 | u5.0 | 2.5 | 5.0 | 11.3 |
| £7.25 | F.P. | 26/4 | 730 | 685 | Plantation Tst Units‡‡ | 685 | | — | — | — | — |
| — | F.P. | 26/4 | 95 | 85 | REA Warrants | 85 | −2 | — | — | — | — |
| ‡P | F.P. | — | 70 | 37 | ✤Sangers | 70 | +1 | — | — | — | — |
| 110 | F.P. | — | 114 | 110 | Scott Greenham 10p | 111 | −1 | bg5.0 | 2.4 | 3.9 | 14.4 |
| ‡100 | F.P. | 10/5 | 92 | 89 | Shorrock 10p | 90 | −1 | 1.5 | 2.5 | 2.5 | [illegible] |
| ‡175 | F.P. | 8/5 | 175 | 170 | Sintrom 10p | 175 | | ug1.64 | 3.3 | 1.3 | [illegible] |
| 130 | F.P. | — | 145 | 140 | ✤Wayne Kerr 10p | 144 | | u1.5 | 4.2 | 1.5 | [illegible] |

### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1985 High | 1985 Low | Stock | Closing price £ | + or − |
|---|---|---|---|---|---|---|---|
| ‡101 | £51 | 15/2 | 54½ | 50 | Felixstowe Dock Prf. Units | 54 | |
| 85.81 | £30 | 10/5 | 31½ | 25 | Int.-Am. Dev. Bk. 9½ Ln. 2015 | 31 | [illegible] |
| ‡100 | £10 | 23/5 | 13½ | 12 | Mid Southern Wtr. 9 Red. Prf. 1990 | 13 | [illegible] |
| — | F.P. | — | 100 | 99¾ | Nationwide Bldg. Soc. 12½% 31/3/85 | 100 | |
| — | F.P. | — | 100¼ | 100 | Do. 12¼% Bds. 21/4/86 | 100 | |
| — | F.P. | 26/4 | 97 | 93 | REA Hldgs. 9% Cum. Prf. | 95 | |
| ‡‡ | F.P. | 20/4 | 111 | 105 | Shealbank Prop. 6% Cum. Conv. Prf. | 105 | −1 |
| 49.898 | £40 | 16/7 | 36½ | 30 | Spain Kingdom of 11½% Ln 2010 | 36½ | [illegible] |
| 91.970 | F.P. | 27/5 | 97½ | 90½ | Sweden 11½ Ln. 2012 | 97½ | [illegible] |

### RIGHTS OFFERS

| Issue price p | Amount paid up | Latest Renunc. date | 1985 High | 1985 Low | Stock | Closing price p | + or − |
|---|---|---|---|---|---|---|---|
| 89 | Nil | 31/5 | 60pm | 14pm | Aaronson Bros. 10p | 20pm | |
| 60 | Nil | — | 91pm | 11pm | BBA | 21pm | −2 |
| 150 | Nil | 14/6 | 222pm | 173pm | Barclays £1 | 203pm | +2 |
| 146 | Nil | — | 62pm | 15pm | ✤Berkeley Group | 18pm | |
| 178 | Nil | 15/6 | 35pm | 16pm | Besobk 10p | 35pm | −6 |
| 05 | F.P. | 17/5 | 288 | 238 | Bullough 20p | 263 | |
| 38 | Nil | 16/5 | 10pm | 6½pm | FKI Electricals 10p | 9pm | +1 |
| 240 | F.P. | 31/5 | 363 | 300 | Fisons | 305 | −2 |
| 238 | F.P. | 10/5 | 273 | 255 | Glass Glover 5p | 255 | |
| 70 | F.P. | — | 76 | 63 | Jackson Expln. | 65 | |
| 66 | Nil | 15/5 | 4½pm | 3pm | Mitchell Cotts | 4½pm | |
| 185 | F.P. | 14/6 | 205 | 195 | Morgan Crucible | 205 | |
| 48fr. | Nil | — | 10pm | 10pm | ‡‡Oliver Prospecting | 10pm | |
| 7 | Nil | 10/5 | 10pm | 7pm | Ryan Intl. 5p | 9pm | −1 |
| 1 | Nil | — | ½pm | ½pm | Sec. Market Inv. 5p | ½pm | |
| 190 | F.P. | 31/5 | 208 | 193½ | STC | 208 | +4 |
| 158 | F.P. | 14/6 | 189 | 168 | United Biscuits | 182 | +5 |
| 240 | F.P. | 13/5 | 268 | 245 | Watmoughs | 245 | −5 |
| 820 | Nil | — | 105pm | 87pm | Wolstenholme Rink | 103pm | |
| 15 | Nil | 17/5 | 4pm | 0pm | Worthington (A. J.) | 3pm | |

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✤ Unlisted Securities Market. § Placing price. † Figures assumed. †† Official London Listing. ‖ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ◎ Figures or report awaited. ‡‡ Units comprising 5 Ord., 1 Warrant and £2.50 nominal of conv. stock.

## NEW HIGHS AND LOWS FOR 1985

### NEW HIGHS (137)

BRITISH FUNDS (31)
INT. BANK & O'SEAS GOVT. STLG. ISSUES (1)
BANKS (1)
BREWERS (6)
BUILDINGS (7)
CHEMICALS (1)
STORES (8)
ELECTRICALS (4)
ENGINEERING (11)
FOODS (9)
INDUSTRIALS (20)
INSURANCE (3)
LEISURE (1)
NEWSPAPERS (2)
PAPER (4)
PROPERTY (9)
SHIPPING (1)
TEXTILES (1)
TRUSTS (7)
OILS (5)
OVERSEAS TRADERS (1)
MINES (5)

### NEW LOWS (64)

AMERICANS (5)
Amdahl, Corporate Data Sciences, Bethlehem Steel, Business Computer Network, Microcomputer Memories

BANKS (3)
ANZ, Westpac, Natl. Australia Bk.

BREWERS (1)
Bell (A.)

BUILDINGS (3)
Benford Machinery, Trent, HAT

ELECTRICALS (3)
Fujitsu, Toshiba Corp., NEC Corp.

FOODS (1)
Squirrel Horn

INDUSTRIALS (11)
Aberfoyle Hldgs., Duotron Systems, Anglo-African Fin., Renown Inc., Baynes (Charles), SI Group, BH Prop., Security Services

...SR
Moss (Robert)

INT
PAPER (1)
Clayton Lodge

PROPERTY (1)
Rohan

TEXTILES (1)
Toray

TRUSTS (16)
Baillie Gifford Japan, Japan Assets, CJR Pacific Inv. Wts., New Tokyo Inv., Edinburgh Financial, 1928 Invs., Fledgeling Jpn. Wts., Robeco Sub. Shares, Fleming Far Eastern, TR Pacific Basin, Fleming Japanese, Triplevest Inc., Fleming Tech. Inv., Berkeley Technology, GT Japan, Framlington

OILS (4)
Claremont Petrlm., Santos, Moonie Oil, Weeks Australia

PLANTATIONS (1)
McLeod Russel

MINES (13)
Blyvoor, North Broken Hill, Stilfontein, Peko-Wallsend, Charter Cons., Portman Mining, Bond Corp., Samantha Expln., CRA, Tongkah Harbour, Jingellic Minerals, Tronoh, Meekatharra Mnls.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 96 | 10 | 2 |
| Corpns. Dom. & Foreign Bonds | 9 | 7 | 57 |
| Industrials | 384 | 205 | 852 |
| Financial & Props. | 105 | 75 | 324 |
| Oils | 29 | 28 | 67 |
| Plantations | 5 | 3 | 9 |
| Mines | 15 | 93 | 73 |
| Others | 125 | 29 | 58 |
| Totals | 808 | 450 | 1,442 |

## LONDON TRADED OPTIONS

| Option | | Calls Apr. | Calls Jly. | Calls Oct. | Puts Apr. | Puts Jly. | Puts Oct. |
|---|---|---|---|---|---|---|---|
| B.P. (*545) | 460 | 93 | 110 | 118 | 1 | 4 | 7 |
| | 500 | 53 | 72 | 80 | 1 | 7 | 14 |
| | 550 | 8 | 38 | 47 | 10 | 25 | 50 |
| | 600 | 1 | 15 | 27 | 58 | 57 | 65 |
| Cons. Gold (*572) | 460 | 115 | 127 | 140 | 0½ | 5 | 0 |
| | 500 | 70 | 87 | 108 | 1¼ | 16 | 16 |
| | 550 | 25 | 58 | 70 | 4 | 24 | 35 |
| | 600 | — | 38 | 40 | — | 45 | 55 |
| Courtaulds (*143) | 110 | 35 | 40 | — | 1½ | 2 | — |
| | 120 | 26 | 30 | — | 1½ | 2 | — |
| | 130 | 15 | 22 | — | 1½ | 5 | — |
| | 140 | 5 | 17 | 90 | 1 | 7 | 10 |
| | 160 | 1 | 8 | 19 | 18 | 99 | 99 |
| Com. Union (*222) | 100 | 93 | 71 | 72 | 1 | 8 | 3 |
| | 180 | 43 | 62 | 64 | 1½ | 5 | 4 |
| | 200 | 23 | 38 | 41 | 9 | 7 | 10 |
| | 220 | 8 | 27 | 50 | 7½ | 15 | 19 |
| | 240 | — | 17 | 82 | — | 96 | 98 |
| G.E.C. (*194) | 180 | 10 | 28 | 34 | 8 | 5 | 7 |
| | 200 | 9 | 15 | 22 | 10 | 14 | 17 |
| | 220 | 0½ | 7 | 19 | 28 | 28 | 32 |
| | 240 | 0½ | 5 | — | 48 | 48 | — |
| Grand Met. (*298) | 280 | 20 | 30 | 30 | 1 | 7 | 9 |
| | 300 | 3 | 20 | 25 | 8 | 17 | 18 |
| | 330 | 0½ | 7 | 12 | 35 | 38 | 40 |
| I.C.I. (*782) | 700 | 87 | 120 | — | 2 | 7 | — |
| | 750 | 37 | 77 | 92 | 6 | 27 | 37 |
| | 800 | 8 | 47 | 62 | 27 | 47 | 60 |
| | 850 | 1 | 20 | 37 | 70 | 86 | 95 |
| | 900 | 0½ | 8 | 18 | 190 | 137 | 147 |
| Land Sec. (*287) | 280 | 18 | 26 | 30 | 1½ | 5 | 7 |
| | 300 | 5 | 14 | 14 | 7 | 14 | 17 |
| | 330 | 1 | 5 | 5 | 35 | 38 | 58 |
| Marks & Sp. (*147) | 120 | 27 | 35 | 38 | 1 | 3 | 3 |
| | 130 | 17 | 23 | 30 | 1½ | 4 | 5 |
| | 140 | 8 | 18 | 21 | 1 | 0 | 10 |
| | 160 | 1½ | 8 | 18 | 15 | 18 | 25 |
| Shell Trans. (*750) | 550 | 183 | — | — | 1 | — | — |
| | 600 | 155 | 150 | — | 1 | 4 | — |
| | 650 | 83 | 105 | 118 | 1 | 7 | 14 |
| | 700 | 53 | 58 | 76 | 2 | 17 | 23 |
| | 750 | 4 | 28 | 47 | 20 | 35 | 43 |
| | 800 | 0½ | 17 | 21 | 70 | 75 | 80 |
| Traf'gar Hse (*340) | 273 | 69 | — | — | 1 | — | — |
| | 293 | 40 | 54 | — | 1 | 0½ | — |
| | 303 | 19 | 30 | 25 | 1 | 5 | 10 |
| | 353 | 9 | 13 | 20 | 14 | 20 | 24 |
| | 383 | 1 | 0 | 11 | 44 | 47 | 50 |

| Option | | Calls May | Calls Aug. | Calls Nov. | Puts May | Puts Aug. | Puts Nov. |
|---|---|---|---|---|---|---|---|
| BAT Inds. (*336) | 260 | 60 | 70 | — | 1½ | 5 | — |
| | 300 | 46 | 59 | — | 0 | 10 | — |
| | 330 | 18 | 35 | 45 | 13 | 17 | 23 |
| | 360 | 4 | 18 | 28 | 40 | 45 | 53 |
| | 390 | 2 | 8 | 17 | 68 | 73 | 80 |
| Barclays (*557) | 285 | 77 | 90 | — | 2 | 3 | — |
| | 335 | 32 | 47 | 60 | 7 | 11 | 15 |
| | 385 | 3 | 20 | 32 | 36 | 48 | 47 |
| | 438 | 1 | 0 | 16 | 82 | 87 | 90 |
| Br. Telecom (*140) | 90 | 59 | 64 | — | 0½ | 0½ | — |
| | 100 | 42 | 44 | — | 0½ | 1 | — |
| | 110 | 36 | 56 | — | 0½ | 1½ | — |
| | 120 | 26 | 25 | 29 | 1 | 6½ | 4 |
| | 130 | 13½ | 17½ | 91½ | 2 | 4½ | 7 |
| | 140 | 0 | 12 | 15 | 5 | 10 | 19 |
| | 160 | 1¼ | 5½ | 8½ | 91½ | 23 | 94 |

| Option | | Calls May | Calls Aug. | Calls Nov. | Puts May | Puts Aug. | Puts Nov. |
|---|---|---|---|---|---|---|---|
| Imperial Cp. (*188) | 100 | 31 | 39 | — | 1½ | 6 | — |
| | 180 | 14 | 20 | 27 | 5 | 9 | 12 |
| | 200 | 7 | 13 | 19 | 10 | 20 | 25 |
| | 220 | 2 | 8 | 11 | 35 | 37 | 41 |
| LASMO (*318) | 300 | 33 | 46 | 53 | 6 | 12 | 16 |
| | 330 | 16 | 50 | 38 | 20 | 23 | 32 |
| | 360 | 11 | 62 | 28 | 48 | 53 | 58 |
| | 390 | 3 | 8 | 17 | 77 | 80 | 85 |
| Lonrho (*181) | 140 | 43 | 47 | — | 1 | 6 | — |
| | 160 | 23 | 27 | 33 | 8 | 3½ | 6 |
| | 180 | 8 | 10 | 21 | 5 | 9 | 13 |
| | 200 | 2½ | 7½ | — | 20 | 24 | — |
| P. & O. (*300) | 300 | 65 | 73 | — | 1½ | 2 | — |
| | 330 | 37 | 47 | 57 | 3 | 7 | 11 |
| | 360 | 16 | 22 | 38 | 14 | 20 | 28 |
| | 390 | 0 | 14 | — | 35 | 38 | — |
| | 420 | 1 | 6 | — | 62 | 63 | — |
| Racal (*210) | 180 | 38 | 46 | 54 | 2 | 3 | 5 |
| | 200 | 20 | 30 | 38 | 6 | 8 | 11 |
| | 220 | 7 | 18 | 24 | 14 | 18 | 22 |
| | 240 | 1½ | 8 | — | 30 | 32 | — |
| | 260 | 1 | 4 | — | 50 | 50 | — |
| | 280 | 1 | 2 | — | 70 | 70 | — |
| R.T.Z. (*620) | 600 | 42 | 60 | 77 | 8 | 20 | 26 |
| | 650 | 14 | 35 | 52 | 40 | 50 | 55 |
| | 700 | 4 | 17 | 32 | 82 | 85 | 87 |
| Vaal Reefs (*$104) | 80 | 25½ | 27½ | 30 | 1 | 2½ | 4½ |
| | 90 | 16½ | 19½ | 22 | 2 | 5½ | 8 |
| | 100 | 9½ | 13½ | 16½ | 5½ | 11 | 12½ |
| | 110 | 4 | 7½ | 10½ | 10 | 15½ | 17 |
| Ex. 10% 1989 (*£80) | 90 | 6 | 6 | — | 0 | 0 | — |
| | 92 | 4 | 4 | 5 | 0 | 0 | 0 |
| | 94 | 2 | 2 | 3 | 0½ | 0 | 0 |
| | 95 | 0 | 1½ | 2 | 0 | 1 | 1¼ |
| | 98 | 0 | 0 | — | 2½ | 2½ | — |

| Option | | Calls June | Calls Sept. | Calls Dec. | Puts June | Puts Sept. | Puts Dec. |
|---|---|---|---|---|---|---|---|
| BTR (*684) | 660 | 57 | 77 | 87 | 10 | 20 | 23 |
| | 700 | 50 | 47 | 62 | 27 | 47 | 57 |
| | 750 | 14 | 30 | 44 | 74 | 84 | 92 |
| Beecham (*303) | 330 | 43 | 50 | — | 3 | 5 | — |
| | 360 | 23 | 28 | 37 | 13 | 18 | 25 |
| | 390 | 10 | 14 | 18 | 32 | 40 | 45 |
| Bass (*544) | 460 | 103 | 117 | — | 2 | 5 | — |
| | 500 | 64 | 84 | 94 | 7 | 10 | 15 |
| | 550 | 27 | 42 | 54 | 18 | 30 | 37 |
| De Beers (*$5.40) | 420 | 137 | 155 | — | 5 | 10 | — |
| | 460 | 105 | 123 | 140 | 15 | 20 | 38 |
| | 480 | 70 | 90 | 100 | 24 | 35 | 53 |
| | 550 | 35 | 57 | 75 | 47 | 60 | 73 |
| GKN (*239) | 160 | 64 | 69 | — | 9 | 9 | — |
| | 200 | 44 | 49 | — | 2 | 5 | — |
| | 220 | 26 | 32 | 38 | 5 | 8 | 11 |
| | 240 | 13 | 18 | 24 | 12 | 10 | 19 |
| Hanson (*214) | 187 | 32 | 39 | — | 3 | 6 | — |
| | 200 | 26 | 31 | 35 | 7 | 12 | 14 |
| | 220 | 14 | 20 | 27 | 13 | 18 | 21 |
| | 240 | 5 | 10 | 17 | 28 | 31 | 34 |
| Jaguar (*292) | 280 | 97 | 42 | — | 10 | 16 | — |
| | 300 | 18 | 32 | 42 | 20 | 28 | 33 |
| | 330 | 10 | 60 | 20 | 40 | 46 | 48 |
| | 350 | 2 | 10 | — | 73 | 76 | — |
| Tesco (*253) | 200 | 55 | — | — | 1½ | — | — |
| | 220 | 35 | 45 | 52 | 9 | 4 | 8 |
| | 240 | 20 | 28 | 37 | 7 | 10 | 14 |
| | 260 | 14 | 60 | 20 | 18 | 25 | 26 |
| FT SE Index (*1306) | 1150 | 158 | — | — | 5 | — | — |
| | 1175 | 135 | — | — | 8 | — | — |
| | 1200 | 113 | 140 | — | 11 | 27 | — |
| | 1250 | 73 | 96 | 112 | 21 | 37 | 65 |
| | 1300 | 41 | 65 | 80 | 40 | 63 | 80 |

Apr. 18. Total contracts 10,719. Calls 6,985. Puts 3,734.

* Underlying security price.

# LONDON SHARE SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 99 | 97 | Treas 3pc 1985 | 99 xd | + | 3.03 | 12.81 |
| 100 | 99 | Treas 11½pc 1985 | 99 | | 11 55 | 13.13 |
| 90 | 97¼ | Treas 8¼pcCnv '85 | 90 | +⅛ | 8 86 | 11 83 |
| 101 | 99 | Exch 12¼pc 1985 | 100¼ xd | +⅛ | 12 20 | 11 62 |
| 101 | 99 | Exch 11¼pc '86 | 100 | +⅛ | 11.71 | 11.20 |
| 99 | 97 | Treas 10pcCnv 1986 | 98 xd | +¼ | 10 11 | 11 16 |
| 94 | 92¼ | Treas 3pc 1986 | 93 | | 3.20 | 9 09 |
| 100 | 97 | Exch. 10½pc Cv '86 | 99 | +⅛ | 10.57 | 11 18 |
| 101 | 99 | Treas 12pc 1986 | 100 | +⅛ | 11 90 | 11 18 |
| 97 | 94 | Treas 8¼pc 1984-86‡‡ | 96 | + | 8 77 | 11.22 |
| 105 | 102 | Exch. 14pc 1986 | 103¼ xd | +⅛ | 13.49 | 11.27 |
| 91 | 87¼ | Exch. 2½pc 1986 | 91 xd | + | 2.75 | 8.27 |
| 104 | 101 | Exch. 13½pc 1987 | 103 | +⅛ | 12.85 | 11.19 |
| 99 | 96 | Treas 10½pcCv '87 | 98 | + | 10.40 | 11.10 |

[illegible]

### Five to Fifteen Years

[illegible]

### Over Fifteen Years

[illegible]

### Undated

[illegible]

### Index-Linked

[illegible]

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS

### Building Societies

[illegible]

### Public Board and Ind.

[illegible]

### Financial

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

## AMERICANS

[illegible]

## AMERICANS—Cont.

[illegible]

## CANADIANS

[illegible]

## BANKS, HP & LEASING

[illegible]

### Hire Purchase, Leasing, etc.

[illegible]

## BEERS, WINES & SPIRITS

[illegible]

## BEERS, WINES—Cont.

[illegible]

## BUILDING, TIMBER, ROADS

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY & STORES—Cont.

[illegible]

## ELECTRICALS

[illegible]

## ENGINEERING

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC

[illegible]

## HOTELS AND CATERERS

[illegible]

## HOTELS—Continued

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS—Continued

## INSURANCES

## LEISURE

## LEISURE—Continued

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING, ADVERTISING

## PROPERTY

## PROPERTY—Continued

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## INVESTMENT TRUSTS—Cont.

### Finance, Land, etc

## OIL AND GAS

## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm Oil

### Teas

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Diamond and Platinum

### Central African

## MINES—Continued

### Finance

### Australians

### Tins

### Miscellaneous

| High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 350 | 155 | ♦Centennial Min's | 170 | −25 | — | — | — |
| 120 | 70 | ♦Colby Res Corp | 90 | | — | — | — |
| 550 | 450 | Cons. Murch. 10c. | 450 | | tQ100c | 1.4 | 10.8 |
| 40 | 28 | ♦Enoes Int. Ir10p | 35 | | — | — | — |
| 117 | 73 | ♦Greenwich Res. Inc. | 80 | | — | — | — |
| 210 | 157 | Hampton Areas 10p | 210 | | 3.75 | 2.1 | 2.4 |
| 260 | 160 | ♦Highwood Res. | 195 | +5 | — | — | — |
| £22½ | £18 | Homestake Mining $1 | £20½ | | Q23c | — | 0.8 |
| 310 | 190 | ♦McFinley Red Lake | 225 | +5 | — | — | — |
| 300 | 195 | ♦Mueso Explorations | 275 | | — | — | — |
| 55 | 23 | ♦New Sabina Res C$1 | 40 | | — | — | — |
| 375 | 260 | Northgate C$1 | 335 | −10 | — | — | — |
| 685 | 561 | RTZ | 630 | −12 | 20.0 | 2.9 | 4.6 |
| £145½ | £179 | Do. 9½pcLn '95-2000 | £136½ | −2½ | Q9½% | 35.4 | 7.3 |
| £13½ | £10 | ♦Tara Explo $1 | £13½ | +¼ | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♣ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ● Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- 0 No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or − | Stock | Price | + or − |
|---|---|---|---|---|---|
| Albany Inv 20p | 102 | | Arnott | 178 | |
| Craig & Rose £1 | £10 | | CPI Hldgs | 55 | |
| Finlay Pkg. 5p | 61 | | Carroll Inds. | £13 | +2 |
| Higsons Brew | 125 | +3 | Dublin Gas | 52 | |
| Holt (Jos) 25p | 760 | −10 | Hall (R. & H.) | 45xd | |
| IoM Stm. £1 | 90 | +3 | Heiton Hldgs | 13 | |
| **IRISH** | | | Irish Ropes | 43 | |
| Exch. 12% 1985 | £99⅞ | | Jacob (W. & R.) | 66 | |
| Nat. 9¾% 84/89 | £89 | | Unidare | 84 | |
| Fin. 13% 97/02 | £90¼ | | | | |

## OPTIONS — 3-month call rates

| Industrials | p | | p | | p |
|---|---|---|---|---|---|
| Allied-Lyons | 16 | GKN | 17 | Turner Newall | 10 |
| BAT | 32 | Hanson Tst. | 17½ | Unilever | 85 |
| BOC Grp. | 25 | Hawker Sidd | 38 | Vickers | 19 |
| BSR | 16 | Hse of Fraser | 30 | **Property** | |
| BTR | 52 | ICI | 60 | Brit Land | 12 |
| Babcock | 14 | "Imps" | 18 | Cap Counties | 10 |
| Barclays | 48 | Jaguar | 28 | Land Secs | 25 |
| Beecham | 32 | Ladbroke | 24 | MEPC | 28 |
| Blue Circle | 45 | Legal & Gen | 50 | Peachey | 22 |
| Boots | 25 | Lex Service | 20 | Samuel Props | 14 |
| Bowaters | 20 | Lloyds Bank | 45 | **Oils** | |
| Brit Aerospace | 33 | Lucas Inds | 25 | Brit Oil & Min | 4 |
| Brit. Telecom | 11 | Marks & Spcr | 11 | Brit Petroleum | 42 |
| Brown (J.) | 3 | Midland Bk | 30 | Burmah Oil | 18 |
| Burton Ord | 39 | NEI | 8 | Charterhall | 6 |
| Cadburys | 14 | Nat West Bk | 60 | Premier | 5 |
| Comm Union | 19 | P & O Dfd | 36 | Shell | 60 |
| Courtaulds | 12½ | Plessey | 17 | Tricentrol | 18 |
| Debenhams | 17½ | Polly Peck | 26 | Ultramar | 19 |
| Distillers | 28 | Racal Elect | 18 | **Mines** | |
| Dunlop | 6 | RHM | £1 | Charter Cons | 18 |
| FNFC | 0½ | Rank Org Ord. | 32 | Cons Gold | 44 |
| Gen Accident | 45 | Reed Intnl | 50 | Lonrho | 14 |
| Gen Electric | 17 | Sears | 0 | Rio T Zinc | 56 |
| Glaxo | 85 | TI | 20 | | |
| Grand Met. | 25 | Tesco | 20 | | |
| GUS 'A' | 60 | Thorn EMI | 35 | | |
| Guardian | 60 | Trust Houses | £1 | | |

A selection of Options traded is given on the London Stock Exchange Report page.

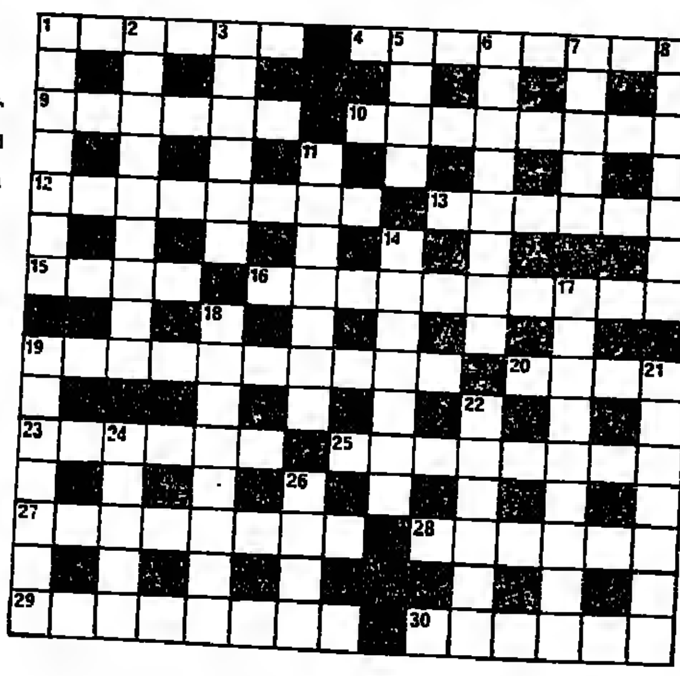
"Recent Issues" and "Rights" Page 31

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

## INSURANCES

## F.T. CROSSWORD PUZZLE No. 5,697



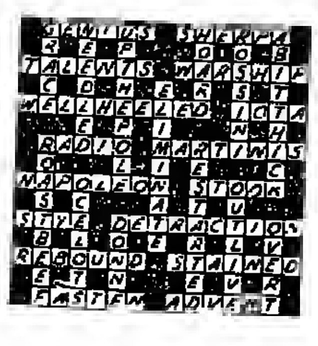
**ACROSS**

1 Surgeon in hospital is terribly overworked (6)
4 A hundred remains, and only that is material (8)
9 Dropped since involved in a plot (6)
10 Neat code broken, so the story goes (8)
12 Organisation with cunning can be a pest (8)
13 Being over-fed, aim to put up some resistance (6)
15 The playboy's comb (4)
16 Used to support the worker (6-4)
19 The beauty causing many rows is badly made-up (4,6)
20 Prevent vessel turning (4)
23 Expertise is apparent in the German flier (6)
25 Not in favour of a brochure constituting an agreement (8)
27 Write in bed in quarters (8)
28 Rather superior when complete (6)
29 Eccentric loves bad characters to be discharged (8)
30 Beasts taking in aluminium merchant (6)

**DOWN**

1 Hide the real effects (7)
2 They cause disturbance in the main (3-6)
3 A number make the sound "aye aye" (6)
5 She's written two articles—one's been sent back (4)
6 Dicky had a nice ranch (8)
7 To call up is all right in the evening (5)
8 Half of them finished up improved (7)
11 Brisk with everybody for example backing gold (7)
14 Hill's after a fellow, a generous man (7)
17 Calculating but genuine about bearing up (9)
18 Relating to change as essential (8)
19 This island was the making of one painter (7)
21 An American sportsman in jug (7)
22 Industrial action to produce an impression (6)
24 Sprays of lovely flowers (5)
26 Drink holding bottle-opener, being clever (4)

**Solution To Puzzle No. 5,696**



# INSURANCE, OVERSEAS & MONEY FUNDS

**Liberty Life Assurance Co Ltd**
Station Rd New Barnet 01 440 8210
Fund Managers: Lowndes Remnant & Co

| | | | |
|---|---|---|---|
| Sel Sec A | 27.4 | 28.9 | |
| Managed | 20.6 | 21.7 | |
| Equity | 16.7 | 17.6 | |
| Blue Chip | 22.5 | 21.F | |
| Special Sits | 24.2 | [illegible] | |
| International | 27.5 | 26.1 | |
| American | 21.7 | 29.0 | |
| Pacific | 21.1 | [illegible] | |
| Property | 17.2 | 18.2 | |
| Fixed Yield | 19.8 | 20.9 | |
| Index Linked Secs | 11.2 | 11.0 | |
| Int Currency | 13.6 | 14.4 | |
| Deposit | 16.1 | 17.0 | |

**Life Assur. Co. of Pennsylvania**
8, New Rd, Chatham, Kent Medway 812348

| | | | |
|---|---|---|---|
| LACOP Units | 15.10 | 15.86 | |

**Lloyds Life Assurance**
20, Clifton St, EC2A 4HX 01-920 0202/0733 262524

| | | | | |
|---|---|---|---|---|
| Multi Gwth April 6 | | £318.839 | | |
| Multi Gwth "A" Apr 6 | 285.0 | 300.0 | | |
| Op 8 Prop April 18 | 265.0 | 279.0 | | |
| Op 8 Equity April 18 | 397.1 | 410.1 | +1.6 | |
| Op 8 Fx April 18 | 272.1 | 286.5 | +3.1 | |
| Op 8 Man April 10 | 357.9 | 376.8 | +7.2 | |
| Op 8 Dep Acc 18 | 204.5 | 215.3 | +0.1 | 13.00 |
| Op 8 Bond April 18 | 176.7 | 186.0 | -4.7 | |
| Op 8 Inc Dist April 18 | 149.6 | 157.5 | +1.9 | 8.29 |
| Op 8 Int Man April 18 | 202.6 | 213.3 | -3.7 | |
| Op 8 US$ April 18 | 144.4 | 152.1 | -4.1 | |
| Pens B Pr Ac Apr 15 | 545.3 | 574.1 | | |
| Pens B Eq Ac April 15 | 1,152.7 | 1,213 | | |
| Pens B FI Ac April 15 | 399.0 | 421.0 | | |
| Pens B Ma Acc Apr 15 | 645.4 | 679.4 | | |
| Pens B Do Acc Apr 15 | 331.6 | 349.1 | | |
| PensBGart Globe Apr 15 | 113.0 | 116.0 | | |
| Pens B Gart NA Apr 15 | 98.1 | 105.3 | | |
| PensBGartP Apr 15 | 116.1 | 122.3 | | |

For Pensions Capital Units please ring ext 2396 or 2361.

**National Provident Institution**
48 Gracechurch St, EC3P 3HH 01 623 4200

| | | | |
|---|---|---|---|
| Managed | 204.6 | 215.4 | +0.8 |
| UK Equity | 240.9 | 251.6 | +2.0 |
| Overseas Eq | 197.2 | 202.4 | +1.0 |
| American | 196.5 | 206.9 | +1.8 |
| Far East | 159.5 | 167.9 | -0.5 |
| Property | 114.0 | 120.0 | |
| Fixed Int | 164.8 | 173.5 | |
| Indexed Gilt | 106.8 | 112.5 | |
| Deposit | 115.9 | 122.1 | |

Pension Fund Prices

| | | | |
|---|---|---|---|
| Man. Initial | 206.7 | 217.2 | +1.0 |
| Man Acc | 231.8 | 244.0 | +1.2 |
| Uk Eq Initial | 228.3 | 240.4 | +2.2 |
| UK Eq | 252.T | 266.1 | +2.5 |
| Overseas Eq Initial | 219.9 | 226.3 | +0.5 |
| Overseas Eq | 249.3 | 262.5 | +0.7 |
| American Initial | 210.2 | 229.7 | +2.7 |
| American | 242.T | 255.9 | +7.0 |
| Far East Initial | 197.7 | 208.2 | -0.6 |
| Far East | 220.5 | 232.2 | -0.6 |
| Prop Initial | 109.6 | 115.4 | |
| Prop | 121.8 | 128.3 | |
| Fixed Int. Initial | 149.2 | 157.1 | +0.1 |
| Fixed Int | 165.3 | 174.0 | +0.1 |
| Indexed Gilt Initial | 99.9 | 105.2 | |
| Indexed Gilt | 111.2 | 117.1 | |
| Deposit Initial | 115.2 | 121.3 | +0.1 |
| Deposit | 128.6 | 135.4 | +0.1 |

**NPI Pensions Management Ltd.**

| | | |
|---|---|---|
| Managed Fund | 568.4 | 583.0 |

Prices March 1. Next dealing April 1

**New Zealand Insurance PLC**
110/114, Baxter Avenue, Southend (0702) 344555

| | | | |
|---|---|---|---|
| Kiwi Key (Managed) | 375.1 | 386.7 | |
| UK Equity | 176.1 | 185.9 | +0.7 |
| American | 252.2 | 265.5 | +0.2 |
| Pacific | 355.1 | 373.8 | -2.4 |
| Property | 154.7 | 162.8 | +0.1 |
| Gilt | 180.4 | 189.9 | +0.7 |
| High Inc. Equity | 167.7 | 172.3 | +0.7 |
| High Inc. Fixd Int | 105.3 | 110.9 | +0.3 |
| Deposit | 151.9 | 159.9 | |
| Index-Linked Gilt | 105.2 | 110.8 | -0.3 |

## OFFSHORE AND OVERSEAS

## Money Market Trust Funds

## Money Market Bank Accounts

NOTES

# COMMODITIES AND AGRICULTURE

## Coffee futures at 12-month lows

BY OUR COMMODITIES STAFF

COFFEE FUTURES prices fell to their lowest in 12 months on the London market yesterday, reflecting sterling's extended gains against the dollar. The July position ended about £12 above its low point, but was still £67 down on the day at £2,027.50 a tonne.

The July price had opened quite strongly, reaching £2,105 a tonne in the morning session, in response to sterling's initial softness. The price slipped back in thin trading conditions at the pound made ground against the dollar.

In the absence of significant fundamental factors the coffee market has been almost totally dominated recently by currency factors, which have resulted in nearby values falling by about £400 a tonne since mid-March.

Meanwhile, the International Coffe Organisation (ICO) producer and consumer members at this week's London council meeting moved closer to agreeing a resolution on problems regarding exports by members to non-members, *Reuter reports*.

Delegates said consumers had submitted a draft resolution more or less based on producer proposals, which were aimed at eliminating the difference in prices paid by members and non-members and preventing possible diversion of the cheaper coffee back to member markets through free ports.

Under the terms of the consumers' draft resolution, exporting members would not accept any sales contracts concluded on or after April 22 for coffee to be shipped to non-members at a price which was lower than that applying to coffee with the same specifications sold to a member country.

Exporting members would notify the ICO by May 1 of the amount of coffee already sold to non-members for shipments up to September 30, indicating final destinations, and undertake to limit such exports before that date to an amount which would ensure as far as possible compliance with equality of prices.

The same would apply to future coffee years starting on October 1 1985 and through to 1988-89.

Exporters would notify the ICO of quantities involved, and a special committee would meet at least monthly to monitor the situation.

## Gentle rise in gold price predicted for this year

THE OUTLOOK for the price of gold this year is not encouraging and there is little to indicate a major bull market, the *Economist Intelligence Unit* says in a report called Inflation Shelters 1985, Reuter reports.

The underlying trend should be a gentle rise in the price of gold, the report says. However, the price is unlikely to go beyond $400 an oz and $380 will provide "strong upside technical resistance."

It notes that the market has been under pressure from the strong dollar, high real interest rates, low inflation and depressed oil prices.

A further decline to below $275 an oz is, however, seen as unlikely in view of high production costs, and the value of the South African rand against the dollar. There will be an increase in demand if the price falls below $300, it says.

For outlook for silver prices is said to be uncertain, but the price is not expected to breach $8.50 an oz. Chronic oversupply and vast above-ground stocks are unlikely to be alleviated; all major mining countries are expected to increase output; and scrap recovery will continue, the report says.

There is scope for improved silver offtake this year in the photographic sector, but the outlook for consumption in other sectors remains mixed.

● The fate of the London gold futures market is expected to be sealed today, John Edwards writes. A meeting of the 38 member companies, who bought loan stock worth over £2m in total, will be asked to approve resolutions that the company should go into voluntary liquidation.

## Cash aid for pig disease fund urged

BRITAIN'S Ministry of Agriculture was called upon by a Commons committee yesterday to help pig farmers meet the cost of a greatly overspent programme to eradicate the killer disease known as Aujesky's disease.

The farmer-funded scheme, in which selected pig herds have been slaughtered since 1983, was originally forecast by the ministry to cost £6m, but difficulties in carrying out the required slaughterings have been such that the cost has since risen to more than £15m, the Commons agriculture committe says in its report.

"It is clear to us that there has been a good deal of muddle and some serious misunderstanding between the parties to the scheme," the report says.

It recommends that the ministry should immediately open discussions with producers with a view to sharing the additional costs with them.

● INDIA'S tea-growing areas have had favourable weather so far this year and, if it remains good for the rest of 1985, production will exceed the targeted 655m tonnes set for the year, Mr Mumtoz Ahmad, chairman of the Indian Tea Association, said. Last year output was 632m tonnes.

● SOVIET sowing has been held up in some areas by problems in farm machinery supply and servicing, the daily Sovietskaya Rossiya said. Factories producing spares and basic units for tractors and ploughts were not meeting demand on time, and 4,000 tractors were idle because of battery shortages.

● INDONESIA plans to increase output at its largest coal field at Ombelin, western Sumatra, to more than 2m tonnes a year by 1990 from 580,000 last year to meet rising domestic needs, the Antara news agency said quoting the state-owned coal company. A current expansion programme, using a British loan of £19.75m, will raise Ombelin's output to 1m tonnes next year, the company said. Two more projects under study would increase capacity by an additional 1.1m tonnes by 1990.

Canute James on the background to the reopening of Alcoa's refinery

## Slim ray of hope for Jamaican bauxite

THESE ARE trying times for the bauxite industry in Jamaica, the world's third largest producer.

Last week's agreement between the Aluminium Company of America (Alcoa) and the Government to reopen the company's refinery in central Jamaica has brought some relief to the gloom which has overtaken the industry. There appears no end, however, to the steady decline in output and earnings.

Five years ago, the annual yield from Jamaica's mines was 12m tonnes. Last year it was 8.5m tonnes, and Dr Carlton Davis, executive director of the Jamaica Bauxite Institute, says this year it is likely to be 6m tonnes.

The island's battered economy depends on bauxite mining and refining for about 60 per cent of its foreign income earnings. Bauxite earnings, however, have fallen from $378m (£296m) in 1980 to $230m last year.

In 1970 Jamaica accounted for 21 per cent the world's bauxite output. Its share last year was 10 per cent and falling.

The causes of the fall in output have been the uncertain state of the aluminium market and the decreasing competitiveness of Jamaica's bauxite industry.

Alcoa closed the 800,000 tonnes a year refinery in February, claiming there was a glut of alumina in the company's system and that the Jamaican plant was a high cost producer. Industry sources say the plant was producing at about $230 a tonne against a world market price of $110 a tonne.

Under the agreement for reopening the refinery, Clarendon Aluminium products, a Government-owned company, has leased the plant from Alcoa and has given the company a management contract to operate it.

The Government says it is aiming at an output of 600,000 tonnes a year from the refinery, and that markets for its output have already been found.

The closure of the plant cost the Jamaican economy about $60m in export earnings and revenues. Operating the refinery now could cost more.

Mr Edward Seaga, the Prime Minister, says half the plant's output will be "sold at a profit" and the other half at a loss. Breaking even appears to be the first objective.

The Government was taken by surprise by the Alcoa closure because the company recently spent about $15m refitting the plant. There was similar surprise just under a year ago when Reynolds Metals closed its bauxite mining subsidiary in Jamaica.

Consequently, there is cold comfort for the industry in the fact that Alumina Partners of Jamaica (Alpart), owned by Kaiser, Reynolds and Atlantic Richfield, recently spent $80m on building a 9-mile conveyor system to exploit new mines for its 1.2m tonnes a year refinery.

Mr Hugh Hart, Jamaica's mining minister, says: "The cloud hanging over Alpart is real. The plant has been operating at 50 per cent of capacity and has been very expensive. It also has a problem of energy efficiency. It is really in jeopardy."

Companies mining and refining in the island have complained that a production levy, imposed unilaterally by the Government in 1974 and adjusted twice since through negotiations with the companies, has made their operations uncompetitive.

Mr Wesly Hughes, economist with the Bauxite Institute, says Jamaica's earnings from the industry rose from $27m in 1973 to $178m in 1974. In the following decade the levy earned $1.81bn on production of 118.5m tonnes of ore. In the previous decade, the country had earned $69.8m from 114.3m tonnes.

Mr Hart says: "The solution to the problems of competitiveness cannot be found in the levy alone. The present levy regime is designed to encourage incremental production."

The levy is now indexed at 6 per cent of the average realised market price for primary aluminium, as stated in the Securities and Exchange Commission's reports on Kaiser, Alcoa, Reynolds and Alcan.

The original levy was indexed at 7.5 per cent of the average realised market price for aluminium on the U.S. metals market. This was reduced to 6.5 per cent in 1979.

Mr Hart says there is much that the Jamaican industry has going for it. "Mining is cheap in Jamaica. The mines are close to the ports and the island is close to the largest consumer."

This, however, does not appear to be discouraging companies from moving to areas such as Australia and Brazil, where deposits are situated close to cheap energy.

In an effort to combat the problem, the Government has become an active agent in selling bauxite and alumina, accounting for about 40 per cent of all sales last year.

Barter and counter trade pacts have been agreed with General Motors and Chrysler Corporation of the U.S. Venezuela is buying 1m tonnes of alumina over seven years.

The Government has also managed to sell 3.6m tonnes of ore over the past three years to the U.S. strategic mineral stockpile, and the Soviet Union is also buying 1m tonnes of ore over seven years.

There is, however, a general feeling that the fortunes of the industry are outside Jamaica's

## Honduras aims for 20% increase in banana output

BY TIM COONE IN TEGUCIGALPA

HONDURAS, one of the world's leading banana producers, is hoping to boost banana output by up to 20 per cent through an export incentive scheme.

Last year's Honduras exported 40m 40-lb boxes through the United Fruit and Standard Fruit companies.

The scheme envisages a progressive reduction in the tax of 50 U.S. cents on each box exported over a minimum threshold of 40m boxes a year.

The tax will remain on the first 40m boxes, but on the additional boxes, the tax will be reduced by as much as 90 per cent.

Reaction from the fruit companies has been mixed.

Sr Eduardo Aragon, vice-president of United Fruit, which exported 25m boxes last year, said that the combination of this move and new tax reductions on imports meant that it was willing to make new investments in Honduras and to increase production.

"We are not doing anything until we see the incentive scheme fully approved, though," he said.

Standard Fruit was less enthusiastic over the proposal.

"The offer is not enough and the threshold is too high."

"The Honduran banana is the most expensive in the world and this year we probably won't even export the 15m boxes we exported last year."

The National Congress passed the scheme three weeks ago but it is still awaiting presidential approval.

Sr Moisee Starkman, the president's economic adviser, said he expected to see an increase of up to 3m boxes of exports this year alone, and indicated that the president would soon give his approval to the scheme.

However, a constitutional crisis involving the presidency and National Congress is creating a backlog of new legislation.

The Honduran Government has been under considerable pressure from the U.S. to devalue its currency as an export incentive and to reduce labour costs.

Sr Moises Starkman is opposed to devaluation. He said: "Look at Costa Rica: they devalued, and United Fruit left. It brought no advantage.

"Also, labour is well organised here, and we have been advised by the unions that if there is any change in foreign exchange rates, this will trigger an immediate wage demand."

## Australia forecasts record farm exports

CANBERRA—The Australian Bureau of Agricultural Economics has forecast that the value of Australia's farm exports will rise to a record A$11.06bn (£5.79bn) in the year ending June 30 1986, from a predicted record of A$10.19bn in 1984-85.

The forecast largely reflects the recent depreciation of the Australian dollar, the bureau says in its latest Trends quarterly containing its first 1985-86 estimates.

It assumes that the Australian dollar will average U.S.$0.7400 in 1985-86 against an average U.S.$0.7900 in 1984-85.

The latest 1984-85 forecast of farm exports compares with the previous prediction of A$0.8100. The bureau assumed a U.S.$0.8600 average for 1984-85 but the Australian dollar has dropped to a record low of U.S.$0.6410 this month.

The export value forecast also reflects expectations of a slight increase in farm export volume in 1985-86, the bureau says.

It forecasts a decline in the net value of farm production in 1985-86 to A$4.44bn from A$4.70bn in 1984-85, revised from A$4.21bn in January.

It predicts a rise in the gross value of rural production to A$15.97bn in 1985-86 from A$15.62bn in 1984-85, revised up from A$15.06bn.

However, farm costs are forecast to rise at a faster rate to A$11.53bn from A$10.92bn, revised from A$10.85bn.

As a result, the bureau's Index of real net value of rural production is predicted to drop to 75 (base 1980-81 revised from 1970-73) from 85 to 1984-1985.

The bureau's index of the volume of rural production is forecast to ease to 106 in 1985-1986 (base 1979-80 revised from 1974-75) from 108 in 1984-85.

The volume drop reflects a decline in the crops index to 117 from 123 which, in turn, is partly offset by a rise in the livestock slaughter and livestock products index to 97 from 95.

The formers' terms of trade index is expected to decline to 79 (base 1980-81) from 81 in 1984-85, revised from 80 in January. Reuter

# LONDON MARKETS

STERLING'S strength yesterday pushed copper prices down sharply on the London Metal Exchange. Concern about a developing squeeze on supplies available for nearby delivery had been supporting the cash high-grade position, but yesterday's £43.50 fall to £1,173 a tonne fully reflected the currency factor.

Squeeze fears had resulted in the cash position moving to a £25.25 a tonne premium over the three-months delivery price on Wednesday.

## MAIN PRICE CHANGES

In tonnes unless otherwise stated

| METALS | Apr. 18 1985 | + or — | Month ago |
|---|---|---|---|
| Aluminium | £1100 | ...... | £1100 |
| Free Mkt | $1135/55 | ...... | $1125/145 |
| Copper | | | |
| Cash h Grade | £1173.5 | —43.5 | £1172.5 |
| 3 mths | £1157.25 | —35 | £1194.75 |
| Gold troy oz | $327.25 | —1 | $391 |
| Lead Cash | £303 | —3.5 | £301.5 |
| 3 mths | £302.95 | —8 | £309.75 |
| Nickel | | | |
| Free Mkt | 260/266c | ...... | 258/289c |
| Palladium oz | [illegible] | ...... | $113.60 |
| Platinum oz | $263.75 | —3.5 | $276.70 |
| Quicksilver† | $280/290 | ...... | $280/285 |
| Silver troy oz | 507.35p | +5.15 | 528.45p |
| 3 mths | 521.85p | +4.80 | 544.95p |
| Tin cash | £9347.5 | +12.5 | £9637.5 |
| 3 mths | £9317.5 | +5 | £9947.5 |
| Tungsten | $77.70 | ...... | $76/70 |
| Wolfram 22 04lb | $74/78 | ...... | $75/78 |
| Zinc | £666.5 | —19 | £761 |
| 3 mths | £691.5 | +10.25 | £737.75 |
| Producers | $960 | ...... | $900/940 |

| | Apr. 18 1985 | + or — | Month ago |
|---|---|---|---|
| OILS | | | |
| Coconut (Phil) | $790w | ...... | $865 |
| Palm Malayan | $640y | ...... | $630 |
| SEEDS | | | |
| Copra Phil | $490w | ...... | $530 |
| Soyabean (U.S.) | $249.5 | —1 | $261.25 |
| GRAINS | | | |
| Barley Fut. Sep | £98.85 | —0.05 | £116.40 |
| Maize | £151.00 | — | £151.00 |
| Wheat Fut. July | £193.35 | +0.25 | £119.85 |
| No. 9 Hard Wint. | ‡ | — | ‡ |
| OTHERS | | | |
| Cocoa Ft. July | £1696.5 | +7.5 | £2069 |
| Coffee Ft. July | £2027.5 | —67 | £2260.5 |
| Cotton A Index | 66.10c | +0.05 | 67.55c |
| Gas Oil May | $997.5 | +2 | $298.75 |
| Rubber (kilo) | 65.25p | —0.25 | 68p |
| Sugar (raw) | $125wz | —1.5 | $110 |
| Wooltops 64s | 483pkilo | ...... | 522pkilo |

‡ Unquoted. w April-May. z June. y May. v March-April. † Per 76-lb flask. c Cents a pound.

## COPPER

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 1209-10 | -1.5 | 1172-4 | -45.5 |
| 3 months | 1151-2.5 | +7.75 | 1167-.5 | -34.0 |
| Settlem't. | 1210 | -2.0 | — | — |
| Cathodes | | | | |
| Cash | 1198-1200 | —1.0 | 1159-63 | -43.0 |
| 3 months | 1195 6 | -3.25 | 1158 8 | —41.0 |
| Settlem't. | 1200 | -5.0 | — | — |

Amalgamated Metal Trading reported that in the morning three months higher grade traded at £1,195, 96, 97, 96, cash £1,208, 09, 09.5, 10, three months £1,195, 93. Cathodes: Three months £1,195, 96. Kerb: Higher Grade, three months £1,192, 91, 90, 89, 88, 87, 88. Afternoon: Higher Grade, cash £1,188, 92, three months £1,175, 74, 73.5, 74, 60, 58, 57, 57.5, 58, 58.5, 59, 58, 59, 58.5, 58, 57, 57.5. Kerb: Higher Grade, three months £1,156, 57, 58, 59, 60, 61. Turnover: 26,675 tonnes. U.S. Producers: 71.00-74.50 cents per pound.

## TIN

| TIN | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 9400-5 | +40.0 | 9345-50 | +12.5 |
| 3 months | 9370-5 | +51.5 | 9320-30 | — |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]

Turnover: 2,115 tonnes.

## LEAD

[illegible]

Turnover: 6,250 tonnes. U.S. Spot: 20.00-22.00 cents per pound.

## ZINC

[illegible]

## ALUMINIUM

| Alumin'm | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 872-3 | +11.0 | 864-5 | —2.0 |
| 3 months | 891-2 | +9.0 | 880-1 | —8.0 |

Aluminium—Morning: Three months £896, 95, cash £873, three months £893, 94, 93, 92, 91. Kerb: Three months £892, 91, 91.5. Afternoon: Three months £879, 78, 77, 80, 81. Kerb: Three months £878, 77, 76, 77, 78, 77, 77.5.

Turnover: 14,475 tonnes.

## GOLD

[illegible]

GOLD BULLION (fine ounce) Apr. 18

[illegible]

GOLD AND PLATINUM COINS

[illegible]

## SILVER

[illegible]

LME—Turnover: 35 (19) lots of 10,000 oz.

## NICKEL

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 4255-65 | +47.5 | 4820-40 | -15.0 |
| 3 months | 4240-50 | +47.5 | 4810-20 | +2.5 |

Nickel—Morning: Three months £4,250. Kerb: Three months £4,240, 50. Afternoon: Three months £1,480, 85, 90, 80. Kerb: Three months £4,215, 10.

Turnover: 1,224 tonnes.

## COCOA

Futures opened £30 steadier but eased later and ended on uninteresting day little changed. Physicals were neglected as producers and consumers declined to re-enter at current levels.

[illegible]

## COFFEE

[illegible]

## WOOL FUTURES

[illegible]

## INDICES

### FINANCIAL TIMES

| April 17 | April 16 | M'th ago | Year ago |
|---|---|---|---|
| 294.68 | 295.15 | 302.04 | 308.12 |

(Base: July 1 1952 = 100)

### REUTERS

| Apr. 18 | Apr. 17 | M'th ago | Year ago |
|---|---|---|---|
| 1886.5 | 1882.4 | 2022.3 | 2006.2 |

(Base: September 18 1931 = 100)

### MOODY'S

| Apr. 12 | Apr. 11 | M'th ago | Year ago |
|---|---|---|---|
| 988.0 | 961.2 | 050.8 | 1,082.2 |

(Base: December 31 1931 = 100)

### DOW JONES

| Dow Jones | Apr. 15 | Apr. 11 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | — | 121.55 | 116.50 | 149.11 |
| Fut. | 123.65 | 124.90 | 120.41 | 144.07 |

(Base: December 31 1974 = 100)

## GRAINS

Old crops were fairly quiet, rallying 60p on shipper buying but drifting back later in the day. New crops remained in a narrow range closing around the day's lows, reports Muirpace.

| WHEAT Mnth | Yesterd'ys close | + or — | BARLEY Yesterdys close | + or — |
|---|---|---|---|---|
| May | 110.85 | +0.25 | 115.65 | +0.15 |
| July | 193.35 | +0.25 | — | — |
| Sept | 99.55 | +0.15 | 98.85 | +0.05 |
| Nov | 102.60 | +0.10 | 102.40 | —0.05 |
| Jan | 105.85 | +0.15 | 105.65 | —0.05 |
| Mar | 109.48 | +0.15 | 109.15 | +0.10 |

Business done—Wheat: May 118.70-9.10, July 123.80-3.00, Sept 99.55-9.35, Nov 102.55-2.40, Jan 105.35-5.90, March 109.40 only. Sales: 207 lots of 100 tonnes. Barley: May 115.80-5.50, Sept 99.00-8.90, Nov 102.50-2.40, Jan 106.05-5.90, March 109.15 only. Sales 55 lots of 100 tonnes.

[illegible]

## PIGMEAT

[illegible]

## POTATOES

[illegible]

## OIL

The crude market was directionless, and trading thin, with prices edging downwards. Nymex WTI traded unchanged at noon EST. Sellers of North Sea for May 1-10 loading asked $28.51 for Brent and $28.10 for Forties. In the petroleum products market gas oil was firmer and more active in NWE as end-user and major demand appeared but continued quiet and weak in the Mediterranean with minimal differentials between non-EEC and EEC qualified material—Petroleum Argus, London.

### SPOT PRICES

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel)—May | | |
| Arab Light | 27.60-27.70 | — |
| Arab Heavy | 26.30-26.40 | — |
| Dubai | 26.65-26.75 | — |
| Brent Blend | 27.65-27.75 | —0.20 |
| W.T.I. (1pm est) | 28.90-29.10 | —0.05 |
| Forcados (Nigeria) | 27.95-28.05 | —0.15 |
| Urals (cif Med) | 27.40-27.90* | — |
| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
| Premium gasoline | 282-284 | —2 |
| Gas Oil | 229-230 | +2 |
| Heavy fuel oil | 157-169 | —4 |

*April

Petroleum Argus estimates

### GAS OIL FUTURES

| Month | Yest'day's Close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| April | 229.75 | +1.50 | 229.75-27.75 |
| May | 227.50 | +2.00 | 227.75-25.75 |
| June | 221.75 | —0.25 | 223.50-21.00 |
| July | 221.00 | —0.75 | 223.50-20.50 |
| Aug | 224.25 | —0.75 | 225.50-24.00 |
| Sep | 226.50 | —1.00 | 225.50 |
| Oct | 229.50 | +1.00 | 228.50 |

Turnover: 1,884 (968) lots of 100 tonnes.

## RUBBER

[illegible]

## SOYABEAN MEAL

[illegible]

## SUGAR

[illegible]

# U.S. MARKETS

COPPER MOVED moderately decline in stocks and the strong cash prices in London, reports Heinold Commodities. Precious metals retreated lightly due to moderate arbitrage pressure and speculative short selling. Cocoa traded very strong on indications that tenders on the May position will be taken by a major trading house. Coffee declined on technical selling in a featureless market and arbitrage activity also had a weakening effect. Sugar drifted lower as prospects of rising surpluses continued to attract selling. Heating oil declined sharply as the industry stock report showed a build-up in distillate stocks while imports continued to be high. Cotton firmed, prompted by buying against a low level of anticipated delivery stocks. Aluminium traded lower mostly on arbitrage selling off weaker sterling.

Yesterday's closing prices for the U.S. markets were not available for this edition. Those given here are Wednesday's.

## NEW YORK

ALUMINIUM 40,000 lbs, cents/lbs

[illegible]

COCOA 10 tonnes, $/tonnes

[illegible]

COFFEE "C" 37,500 lbs, cents/lbs

[illegible]

COPPER 25,000 lbs, cents/lbs

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| March | 66.60 | 67.40 | 67.00 | 66.75 |
| May | 66.95 | 67.45 | 67.40 | 67.10 |
| July | 67.30 | 67.25 | 67.25 | 67.45 |

COTTON 50,000 lbs, cents/lbs

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 68.43 | 68.56 | 67.80 | 68.05 |
| July | 67.08 | 67.19 | 66.52 | 66.54 |
| Oct | 65.05 | 65.30 | 65.00 | 65.05 |
| Dec | 65.25 | 65.48 | 66.05 | 65.10 |
| March | 66.36 | 66.60 | 66.60 | 66.36 |
| May | 67.03 | — | — | 67.05 |
| July | 67.35 | — | — | 67.30 |

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 28.95 | 29.12 | 28.93 | 29.04 |
| June | 27.90 | 28.30 | 27.88 | 28.23 |
| July | 27.39 | 27.85 | 27.37 | 27.63 |
| August | 27.17 | 27.55 | 27.10 | 27.58 |
| Sept | 26.90 | 27.28 | 26.85 | 27.33 |
| Oct | 27.22 | 27.25 | 27.20 | 27.38 |
| Nov | 27.00 | 27.26 | 27.00 | 27.44 |
| Dec | 26.95 | — | — | 27.50 |
| Jan | 27.00 | — | — | 27.50 |
| Feb | 27.00 | — | — | 27.50 |

GOLD 100 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| April | 324.9 | 328.2 | 324.8 | 327.4 |
| May | 325.8 | — | — | 328.7 |
| June | 327.9 | 331.8 | 327.5 | 330.9 |
| Aug | 332.2 | 335.9 | 331.7 | 335.1 |
| Oct | 336.8 | 340.8 | 336.8 | 339.8 |
| Dec | 341.5 | 345.5 | 341.0 | 344.9 |
| Feb | 346.0 | 350.0 | 350.0 | 350.2 |
| April | 352.3 | 356.0 | 353.0 | 355.9 |
| June | 358.1 | 360.0 | 360.0 | 361.7 |
| Aug | 364.0 | — | — | 367.9 |
| Oct | 370.1 | — | — | 374.1 |
| Dec | 376.7 | — | — | 380.9 |
| Feb | 383.4 | — | — | 387.6 |

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 74.55 | 75.80 | 74.20 | 75.25 |
| June | 71.55 | 72.90 | 71.15 | 73.03 |
| July | 70.90 | 72.90 | 70.47 | 72.47 |
| August | 71.05 | 72.70 | 70.90 | 72.80 |
| Sept | 71.85 | 73.00 | 71.66 | 73.66 |
| Oct | 72.50 | 74.00 | 72.50 | 74.30 |

ORANGE JUICE 15,000 lbs, cents/lbs

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lbs, cents/lbs

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | 4.50 | 4.47 | 4.44 | 4.47 |
| March | 4.94 | 5.01 | 4.91 | 4.99 |
| May | 5.13 | 5.22 | 5.12 | 5.21 |
| July | 5.37 | — | — | 5.43 |

## CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| April | 59.75 | 60.82 | 59.70 | 60.87 |
| June | 63.20 | 63.45 | 62.77 | 63.20 |
| August | 64.05 | 64.32 | 63.60 | 63.97 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56lb-bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60lb-bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60lb-bushel

[illegible]

SPOT PRICES — Chicago loose lard 23.50 (same) cents per pound. New York tin 549.0-80.0 (557.0-85.0) cents per pound. Handy and Harman silver bullion 649.6 (651.5) cents per troy ounce.

# OTHER MARKETS

## MEAT

MEAT COMMISSION—Average fat stock prices at representative markets. GB—Cattle, 96.45p per kg lw (−0.43). GB—Sheep, 241.92p per kg est dcw (−15.70). GB—Pigs, 79.65p per kg lw (−1.13).

SMITHFIELD—Pence per pound. Beef Scotch killed sides 74.0-81.0; English hindquarters 94.0-98.0, forequarters 47.6-52.6; Ulster forequarters 47.0-51.0. Veal—Dutch hinds and ends 124.0-127.0. Lamb—English small (new season) 116.0-128.0, medium (new season) 116.0-128.0, heavy (new season) 118.0-124.0: Imported: New Zealand PL (new season) 67.0-68.6, PX (new season) 65.0-66.0. Fat Sheep—English 94.0-105.0. Pork—English under 100 lb 46.0-58.5, 100-120 lb 53.0-58.6, 120-160 lb 42.0-49.0.

## HIDES

HIDES—Manchester (Leeds). Second clears. Ox: 31-35.5kg, 109.0p a kg (108.5p withdrawn); 26-30.5kg, 117.3p a kg (117.0p). 22-25.5kg, 127.0p a kg (127.0p). Cows: Under 25.5kg, 126.5p a kg withdrawn (126.7p withdrawn).

## PARIS

SUGAR—(FFr per tonne): Aug 1255-1260, Oct 1285-1295, Dec 1330-1345, March 1420-1430, May 1465-1480, Aug 1545-1550.

COCOA—(FFr per 100 kg): May 2210-2212, July 2200 bid, Sept 2159-2165, Dec 2070-2080, March 2090 bid, May 2100 bid, July 2100 bid.

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar falls on GNP figure

The dollar fell to its lowest level for five months in currency markets yesterday, following a sharp downward revision in U.S. first quarter GNP. The revised calculation showed a growth rate of 1.3 per cent after a previous flash estimate of 2.1 per cent and most market expectations of a figure between 2 per cent and 2½ per cent.

Most commercial banks had squared their dollar positions before the announcement, partly because of the widely varying estimates that have been circulated in the past few days. Consequently there was no incentive to trade after the announcement with most currencies quoted on a very wide spread. In view of the volatile nature of the market there appeared to be little prospect of establishing any longer term trend until the dust had settled.

The level of volatility was exacerbated by comments made by Mr Malcolm Baldrige, U.S. Commerce Secretary, that the U.S. economy may not be able to achieve growth targets this year.

The dollar fell to a low of DM 2.9725 against the D-mark before finishing at DM 2.9845, down from DM 3.0265 on Wednesday and its lowest level since mid-November. Elsewhere it fell to SwFr 2.4895 from SwFr 2.5250 and Y247.90 compared with Y249.35. It was also lower against the French franc at FFr 9.12 from FFr 9.23. On Bank of England figures, the dollar's index fell from 144.1 to 143.0.

STERLING — Trading range against the dollar in 1985 is 1.2916 to 1.0525. March average 1.1260. Exchange rate index 79.3 from 79.4, having touched a high of 79.9 in the afternoon. The six-months ago figure was 74.3.

Sterling rose to its best level since last June, benefiting mainly from the dollar's sharp decline. It was slightly lower against major European currencies, however, finishing at DM 3.8650 from DM 3.87 and FFr 11.7750 from FFr 11.7950. It was unchanged against the Swiss franc at SwFr 3.23 and was higher against the yen at Y320.50 from Y318.

Encouraging UK PSBR figures tended to be rather overshadowed by U.S. statistics but ultimately may provide additional incentive for an early reduction in UK clearing bank base rates. Against the dollar, sterling closed at $1.2905-1.2925 up 1.3c from Wednesday, having touched a best level of $1.3000.

D-MARK — Trading range against the D-mark in 1985 is 3.4510 to 2.9845 March average 3.2972. Exchange rate index 123.2 against 120.4 six months ago.

The dollar fell to its lowest level since mid-November in Frankfurt yesterday on a lower than expected revised U.S. first quarter GNP figure. Most operators had held square positions ahead of the announcement in view of the wide disparity in market estimates on the likely figure. However a rise of only 1.3 per cent after a 2.1 per cent flash estimate effectively removed any desire to hold long dollar positions. Consequently the U.S. unit finished at DM2.9865 from DM3.0250.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu April 18 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc ... | 44.9008 | 45.1019 | +0.45 | +0.57 | ±1.5522 |
| Danish Krone ... | 8.14104 | 8.07359 | −0.83 | −0.71 | ±1.6419 |
| German D-Mark | 2.24184 | 2.23746 | −0.20 | −0.08 | ±1.1475 |
| French Franc ... | 6.87456 | 6.82921 | −0.66 | −0.54 | ±1.3669 |
| Dutch Guilder ... | 2.52595 | 2.53138 | +0.21 | +0.33 | ±1.5171 |
| Irish Punt ...... | 0.72569 | 0.714923 | −1.48 | −1.36 | ±1.6703 |
| Italian Lira ...... | 1403.49 | 1431.39 | +1.99 | +1.99 | ±4.0410 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ IN NEW YORK

| | April 18 | prev. close |
|---|---|---|
| £ spot | $1.2920-1.2940 | $1.2730-1.2745 |
| 1 month | 0.48-0.43pm | 0.49-0.47pm |
| 3 months | 1.14-1.12pm | 1.15-1.12pm |
| 12 months | 2.26-2.15pm | 2.25-2.10pm |

Forward premiums and discounts apply to the U.S. Dollar.

### STERLING INDEX

| | April 18 | Previous |
|---|---|---|
| 8.30 am ...... | 78.9 | 79.4 |
| 9.00 am ...... | 79.0 | 79.6 |
| 10.00 am ...... | 78.9 | 79.5 |
| 11.00 am ...... | 79.0 | 79.4 |
| Noon ......... | 78.9 | 79.4 |
| 1.00 pm ...... | 79.1 | 79.4 |
| 2.00 pm ...... | 79.0 | 79.4 |
| 3.00 pm ...... | 79.9 | 79.3 |
| 4.00 pm ...... | 79.6 | 79.4 |

### POUND SPOT—FORWARD AGAINST POUND

| April 18 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.2596-1.3000 | 1.2905-1.2925 | 0.46-0.43c pm | 4.13 | 1.14-1.09pm | 3.46 |
| Canada | 1.7139-1.7574 | 1.7400-1.7480 | 0.41-0.32c pm | 2.51 | 1.04-0.89pm | 2.21 |
| Nethlnd. | 4.33¾-4.40 | 4.36½-4.37½ | 2⅛-2c pm | 5.66 | 5⅞-5½pm | 3.21 |
| Belgium | 77.28-79.08 | 77.75-77.85 | 22-16c pm | 2.93 | 51-42pm | 2.39 |
| Denmark | 13.80½-13.94 | 13.93-13.94 | 4¼-3¼ore pm | 3.23 | 8⅞-7⅝pm | 2.33 |
| Ireland | 1.2300-1.2392 | 1.2330-1.2340 | 0.01p pm-0.08dis | −0.39 | 0.04pm-.14d | −0.13 |
| W. Ger. | 3.82¾-3.89¾ | 3.86-3.87 | 2⅛-2⅛pf pm | 3.76 | 6⅛-5⅞pm | 6.21 |
| Portugal | 213¾-222¾ | 216-220 | 140-525c dis | −18.30 | 495-1515dis | −18.44 |
| Spain | 215¾-217¾ | 214-215 | par-25c dis | −0.70 | 55-110dis | −1.54 |
| Italy | 2,463¾-2,489½ | 2,474½-2,476½ | par-3 lire dis | −0.73 | 8-13dis | −1.70 |
| Norway | 11.13½-11.38¾ | 11.14½-11.15½ | ½ore pm-½ dis | −0.13 | par-⅞dis | −0.18 |
| France | 11.71½-11.97¾ | 11.77-11.78 | 2⅛-1⅞c pm | 2.17 | 4⅛-3⅞pm | 1.44 |
| Sweden | 11.24-11.39½ | 11.32½-11.33½ | ½-1½ore dis | −0.86 | 3½-4½dis | −1.37 |
| Japan | 316-322 | 320-321 | 1.80-1.60y pm | 6.37 | 4.75-4.65pm | 5.87 |
| Austria | 27.00-27.45 | 27.00-27.14 | 14-12⅛gro pm | 5.90 | 37-33½pm | 5.21 |
| Switz. | 3.19¾-3.24¾ | 3.22½-3.23½ | 2⅛-1⅞c pm | 7.43 | 5⅞-5⅛ pm | 6.81 |

Belgian rate is for convertible francs. Financial franc 78.60-78.70. Six-month forward dollar 1.81-1.76c pm, 12-month 2.30-2.20c pm.

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

| April 18 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.2595-1.3000 | 1.2905-1.2925 | 0.46-0.43c pm | 4.13 | 1.14-1.09pm | 3.45 |
| Ireland† | 1.0210-1.0600 | 1.0445-1.0465 | 0.42-0.37c pm | 4.62 | 1.00-0.90pm | 3.70 |
| Canada | 1.3610-1.3677 | 1.3520-1.3535 | 0.17-0.20c dis | −1.64 | 0.40-0.45dis | −1.25 |
| Nethlnd. | 3.3625-3.4875 | 3.3820-3.3830 | 0.51-0.48c pm | 1.72 | 1.59-1.56pm | 1.83 |
| Belgium | 60.05-61.76 | 60.30-60.40 | 6-7c dis | −1.28 | 15-17dis | −1.05 |
| Denmark | 10.74-11.04¾ | 10.79¼-10.79¾ | ½-1ore dis | −0.82 | 2½-2¼dis | −0.91 |
| W. Ger. | 2.9725-3.0660 | 2.9840-2.9850 | 0.75-0.70pf pm | 2.86 | 2.16-2.11pm | 2.80 |
| Portugal | 170-172½ | 170-171 | 175-475c dis | −22.81 | 560-1350dis | −22.22 |
| Spain | 166¼-170¾ | 166½-167½ | 65-75c dis | −4.94 | 200-225dis | −5.00 |
| Italy | 1,907-1,968 | 1,916½-1,917½ | 8½-9 lire dis | −8.39 | 25¼-26dis | −5.25 |
| Norway | 8.64-8.85¼ | 8.62¼-8.62¾ | 2-3½ore dis | −4.43 | 8¼-8¾dis | −3.86 |
| France | 9.10-9.35¼ | 9.11¼-9.12¼ | 1.53-1.63c dis | −2.06 | 4.35-4.65dis | −1.94 |
| Sweden | 8.75-8.93½ | 8.87½-8.87½ | 3½-4ore dis | −5.06 | 10½-11½dis | −4.85 |
| Japan | 247.40-251.35 | 247.85-247.95 | 0.52-0.48y pm | 2.40 | 1.56-1.51pm | 2.48 |
| Austria | 20.90-21.54 | 20.95-21.05 | 3-2½gro pm | 1.54 | 8½-7½pm | 1.53 |
| Switz. | 2.4700-2.5645 | 2.4890-2.4900 | 0.81-0.75c pm | 3.68 | 2.23-2.17pm | 2.46 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 60.80-61.00.

### OTHER CURRENCIES

| Apr. 17 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 513.56-512.20 | 398.89-399.24 | Austria | 27.00-27.30 |
| Australia Dollar | 1.9980-2.0080 | 1.5315-1.5430 | Belgium | 78.00-79.00 |
| Brazil Cruzeiro | 6,131-6,139 | 4,740-4,760 | Denmark | 13.88-14.08 |
| Finland Markka | 8.1060-8.1960 | 6.3700-6.3740 | France | 11.74-11.85 |
| Greek Drachma | 166.09-170.66 | 132.18-134.96 | Germany | 3.84½-3.88½ |
| HongKong Dollar | 10.0500-10.1000 | 7.7826-7.7846 | Italy | 2460-2485 |
| Iran Rial | 118.0* | 92.10* | Japan | 317-321 |
| KuwaitDinar(KD) | 0.3890-0.3900 | 0.30065-0.30075 | Netherlands | 4.35-4.40 |
| Luxembourg Fr. | 77.85-77.95 | 60.30-60.40 | Norway | 11.11-11.22 |
| Malaysia Dollar | 3.1460-3.1720 | 2.4350-2.4450 | Portugal | 212½-222 |
| New Zealand Dlr. | 2.7700-2.7900 | 2.1545-2.1765 | Spain | 209-218 |
| Saudi Arab Riyal | 4.6710-4.6800 | 3.6100-3.6110 | Sweden | 11.22-11.35 |
| Singapore Dollar | 2.8420-2.8750 | 2.2000-2.2100 | Switzerland | 3.21¼-3.24¼ |
| Sth African Rand | 2.5940-2.4585 | 1.8435-1.8780 | United States | 1.25½-1.27½ |
| U.A.E. Dirham | 4.7515-4.7605 | 3.6720-3.6730 | Yugoslavia | 30-5342 |

* Selling rate.

### CURRENCY MOVEMENTS

| Apr. 18 | Bank of England Index | Morgan Guaranty Change % |
|---|---|---|
| Sterling | 79.5 | −10.2 |
| U.S. dollar | 143.0 | +28.5 |
| Canadian dollar | 88.6 | −6.0 |
| Austrian schilling | 115.5 | +4.0 |
| Belgian franc | 89.2 | −10.7 |
| Danish Kroner | 78.2 | −6.4 |
| Deutsche mark | 125.2 | +7.3 |
| Swiss franc | 142.8 | +9.7 |
| Guilder | 112.9 | +3.1 |
| French franc | 65.5 | −15.1 |
| Lira | 46.6 | −17.2 |
| Yen | 155.0 | +11.8 |

Morgan Guaranty changes: average 1980-1982=100, Bank of England index (base average 1975=100).

### CURRENCY RATES

| April 18 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.786899 | 0.578728 |
| U.S. $ | 8 | 0.996480 | 0.734798 |
| Canadian $ | 10.32 | * | 0.997269 |
| Austria Sch. | 4½ | 21.3699 | 15.7820 |
| Belgian Fr. | 11 | 61.1222 | 45.1019 |
| Danish Kr | 7 | 10.9648 | 8.07369 |
| D'mark | 4½ | 3.03369 | 2.23746 |
| Guilder | 5¼ | 3.45128 | 2.53138 |
| French Fr. | 9½ | 9.26051 | 6.82921 |
| Lira | 15¼ | 1938.38 | 1431.39 |
| Yen | 5 | 249.262 | 183.773 |
| Norway Kr. | 8 | 8.79317 | 6.47357 |
| Span'h Pta. | — | 169.444 | 124.879 |
| Swedish Kr. | 9 | N/A | 6.53345 |
| Swiss Fr. | 4 | 2.53746 | 1.87043 |
| Greek Dr'ch | 20½ | 132.578 | 97.7001 |
| Irish Punt | 13¾ | 0.969498 | 0.714923 |

*C$/SDR rate for April 17: 1.35624.

### EXCHANGE CROSS RATES

| April 18 | Pound Sterling | U.S. Dollar | Deutschem'k | Japanese Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.292 | 3.865 | 320.5 | 11.78 | 3.230 | 4.370 | 2475. | 1.743 | 77.90 |
| U.S. Dollar | 0.774 | 1. | 2.985 | 247.9 | 9.120 | 2.490 | 3.383 | 1917. | 1.350 | 60.35 |
| Deutschemark | 0.259 | 0.334 | 1. | 82.99 | 3.047 | 0.836 | 1.131 | 640.4 | 0.451 | 20.16 |
| Japanese Yen 1,000 | 3.120 | 4.030 | 12.06 | 1000. | 36.74 | 10.08 | 13.63 | 7722. | 5.438 | 243.1 |
| French Franc 10 | 0.848 | 1.097 | 3.282 | 272.2 | 10. | 2.743 | 3.711 | 2102. | 1.480 | 66.16 |
| Swiss Franc | 0.310 | 0.400 | 1.197 | 99.23 | 3.646 | 1. | 1.355 | 766.3 | 0.540 | 24.12 |
| Dutch Guilder | 0.229 | 0.296 | 0.884 | 73.34 | 2.695 | 0.739 | 1. | 566.3 | 0.399 | 17.83 |
| Italian Lira 1000 | 0.404 | 0.528 | 1.562 | 129.5 | 4.758 | 1.305 | 1.766 | 1000. | 0.704 | 31.47 |
| Canadian Dollar | 0.574 | 0.741 | 2.217 | 183.9 | 6.756 | 1.853 | 2.507 | 1420 | 1. | 44.69 |
| Belgian Franc 100 | 1.284 | 1.658 | 4.961 | 411.4 | 15.12 | 4.146 | 5.610 | 3177. | 2.237 | 100. |

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| Apr. 18 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Krone |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short-term | 13½-13¾ | 7¾-8 | 8¼-8¾ | 6⅛-6⅜ | 1-1¼ | 5⅜-5½ | 10⅜-10½ | 12½-16½ | 8¾-10¼ | 10-10¼ | 6-6⅛ | 8¼-8¾ |
| 7 day's notice | 13⅛-13⅞ | 8⅛-8⅞ | 8½-10 | 5¼-5¾ | 1¼-1⅜ | 5⅜-5⅝ | 10⅜-10⅝ | 13-14 | 9⅞-10⅛ | 9⅞-10⅛ | 6⅛-6⅜ | 9¼-9⅞ |
| Month | 12⅝-12¾ | 8⅛-8⅞ | 9⅝-9⅞ | 5⅝-5¾ | 4⅞-5 | 5⅛-5⅜ | 10⅞-10⅞ | 16⅝-16⅞ | 9⅜-9⅞ | 9¾-10 | 5⅛-5⅜ | 9¼-9¾ |
| Three months | 12¼-12⅜ | 8⅛-8⅝ | 9¼-9⅜ | 6⅝-6¾ | 5⅛-5⅜ | 5⅞-5⅞ | 10⅛-10⅝ | 13¾-14¼ | 9¾-10 | 9¾-10 | 6¼-6⅜ | 9⅞-10⅛ |
| Six months | 11⅞-11⅞ | 8⅞-9⅞ | 9¾-10 | 6⅛-6⅜ | 5⅛-5⅜ | 5⅞-6 | 10⅜-10⅝ | 14⅛-14¼ | 9¾-10 | 9¾-10 | 6⅛-6⅜ | 10⅛-10⅝ |
| One year | 11⅛-11⅞ | 9¼-9⅝ | 10⅛-10⅝ | 6⅛-6⅜ | 5⅛-5⅝ | 6-6⅛ | 10⅞-11⅛ | 14⅝-15 | 10½-10⅝ | 10⅛-10⅝ | 6⅛-6⅝ | 10¼-10¾ |

Asian $ (closing rates in Singapore): Short-term 8⅞-8⅞ per cent; seven days 8⅞-8⅞ per cent; one month 8⅞-8⅞ per cent three months 8⅞-8⅞ per cent; six months 8⅞-9 per cent; one year 9⅛-9⅜ per cent. Long-term Eurodollars: two years 10⅛-10⅜ per cent; three years 10⅝-11 per cent; four years 11-11¼ per cent; five years 11¼-11½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

## FINANCIAL FUTURES

# Sharp rise

There was only one issue of any concern to the London International Financial Futures Exchange yesterday, the revised first-quarter U.S. gross national product figure.

The morning was very quiet and steady, with the lower opening on June Eurodollars of 90.95 representing squaring of positions ahead of the GNP announcement. Forecasts for the figure were in a very wide range of 1 per cent to 4 per cent growth, against the earlier flash estimate of 2.1 per cent, but if anything the market was beginning to suspect an upward revision.

When the figure of 1.3 per cent was announced in the afternoon it had a dramatic impact. June Eurodollars hit a peak of 91.32, before closing at 91.28 compared with 91.03 previously. A fall in the New York federal funds rate to 7⅞ per cent also underpinned better sentiment and expectations of easier Federal Reserve monetary policy.

U.S. Treasury bonds showed a similar trend, with June delivery rising from a slightly lower opening of 71-14 to a high of 72-17, before closing at 72-08.

Short sterling deposits and gilt futures were higher, although any favourable reaction to the March UK Public Sector Borrowing Requirement was completely overshadowed by the GNP revision, and sterling deposits also failed to break through highs set earlier this week.

### LONDON

**THREE-MONTH EURODOLLAR**
$1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 91.28 | 91.32 | 90.92 | 91.03 |
| Sept | 90.70 | 90.74 | 90.31 | 90.45 |
| Dec | 90.21 | 90.25 | 89.83 | 89.96 |
| March | 89.79 | 89.79 | 89.41 | 89.56 |
| June | 89.45 | 89.45 | 89.06 | 89.23 |

Estimated volume 7,629 (6,753)
Previous day's open int 17,827 (17,630)

**THREE-MONTH STERLING**
£500,000 points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 88.57 | 88.62 | 88.30 | 88.41 |
| Sept | 89.24 | 89.25 | 89.00 | 89.02 |
| Dec | 89.33 | 89.35 | 89.16 | 89.18 |
| March | 89.39 | 89.40 | 89.20 | 89.24 |
| June | 89.28 | 89.28 | 89.20 | 89.25 |

Estimated volume 1,654 (2,743)
Previous day's open int 5,368 (6,494)

**20-YEAR 12% NOTIONAL GILT**
£50,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 107-23 | 107-29 | 107-00 | 107-06 |
| Sept | 111-11 | — | — | 110-26 |
| Dec | 111-18 | — | — | 110-23 |
| March | 111-02 | — | — | 110-17 |

Estimated volume 2,028 (2,412)
Previous day's open int 3,164 (3,522)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) n/a.

**STERLING £25,000 $ per £**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 1.2880 | 1.2905 | 1.2555 | 1.2725 |
| Sept | 1.2790 | 1.2780 | 1.2497 | 1.2660 |
| Dec | 1.2740 | — | — | 1.2610 |

Estimated volume 257 (1,035)
Previous day's open int 3,897 (7,668)

**DEUTSCHE MARKS**
DM 125,000 $ per DM

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.3355 | 0.3375 | 0.3280 | 0.3323 |
| Sept | 0.3379 | — | — | 0.3347 |

Estimated volume 101 (102)
Previous day's open int 276 (288)

**SWISS FRANCS**
SwFr 125,000 $ per SwFr

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4045 | — | — | 0.3983 |

Estimated volume nil (nil)
Previous day's open int 157 (157)

**JAPANESE YEN Y12.5m $ per Y100**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4046 | — | — | 0.4028 |
| Sept | 0.4070 | — | — | 0.4054 |

Estimated volume nil (1)

**FT-SE 100 INDEX**
£25 per full index point

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 130.60 | 131.00 | 130.35 | 130.30 |
| Sept | 131.25 | 131.40 | 131.25 | 130.86 |

Estimated volume 336 (154)
Previous day's open int 1,037 (1,083)

**U.S. TREASURY BONDS**
8% $100,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 72-08 | 72-17 | 71-05 | 71-15 |
| Sept | 71-07 | 71-12 | 70-08 | 70-14 |

Estimated volume 2,077 (2,295)
Previous day's open int 2,950 (3,051)

### CHICAGO

**U.S. TREASURY BONDS (CBT)**
8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 72-10 | 72-17 | 72-01 | 71-12 |
| Sept | 71-08 | 71-16 | 71-00 | 70-11 |
| Dec | 70-12 | 70-20 | 70-04 | 69-15 |
| March | 69-18 | 69-19 | 69-10 | 68-21 |
| June | 68-25 | 68-26 | 69-25 | 67-30 |
| Sept | 68-05 | 68-05 | 68-01 | 67-10 |
| Dec | 67-22 | 67-22 | 67-18 | 66-24 |
| March | 67-02 | 67-02 | 66-26 | 66-07 |
| June | 66-19 | 66-19 | 66-12 | 65-24 |
| Sept | — | — | — | — |
| Dec | — | — | — | 64-29 |

**U.S. TREASURY BILLS (IMM)**
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 92.22 | 92.25 | 92.03 | 91.99 |
| Sept | 91.73 | 91.77 | 91.53 | 91.51 |
| Dec | 91.20 | 91.30 | 91.22 | 91.08 |
| March | 90.92 | 90.93 | 90.79 | 90.72 |
| June | 90.50 | 90.59 | 90.50 | 90.43 |
| Sept | 90.33 | 90.33 | — | 90.19 |
| Dec | 90.12 | 90.12 | — | 89.96 |
| March | 89.90 | 89.90 | — | 89.76 |

**CERT DEPOSIT (IMM)**
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 91.62 | 91.65 | 91.41 | 91.41 |
| Sept | 91.08 | 91.08 | 91.00 | 90.81 |
| Dec | 90.56 | 90.56 | 90.52 | 90.29 |
| March | 90.16 | 90.18 | 90.16 | 89.89 |

**THREE-MONTH EURODOLLAR (IMM)**
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 91.27 | 91.31 | 91.15 | 91.02 |
| Sept | 90.69 | 90.71 | 90.54 | 90.43 |
| Dec | 90.18 | 90.20 | 90.05 | 89.93 |
| March | 89.76 | 89.78 | 89.57 | 89.52 |
| June | 89.40 | 89.41 | 89.32 | 89.18 |
| Sept | 89.09 | 89.09 | 89.01 | 88.79 |
| Dec | 88.82 | 88.82 | 88.82 | 88.63 |
| March | 88.55 | 88.56 | — | 88.39 |

**STERLING (IMM) $e per £**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 1.2885 | 1.2925 | 1.2600 | 1.2645 |
| Sept | 1.2780 | 1.2860 | 1.2540 | 1.2570 |
| Dec | 1.2750 | 1.2800 | 1.2700 | 1.2535 |
| March | — | — | — | 1.2285 |
| June | — | — | — | — |
| Sept | — | — | — | 1.2505 |

**GNMA (CBT)**
8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 70-05 | 70-09 | 70-04 | 69-26 |
| Sept | 69-13 | 69-18 | 69-14 | 69-07 |
| Dec | — | — | — | 68-19 |
| March | — | — | — | — |
| June | 67-24 | 67-26 | 67-24 | 67-17 |
| Sept | — | — | — | 67-03 |



### BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 13 % | Hongkong & Shanghai | 13 % |
| Allied Irish Bank | 12¾% | Johnson Matthey Bkrs. | 13½% |
| Henry Ansbacher | 13 % | Knowsley & Co. Ltd. | 13½% |
| Amro Bank | 13 % | Lloyds Bank | 13 % |
| Associates Cap. Corp. | 14 % | Edward Manson & Co. | 14 % |
| Banco de Bilbao | 12¾% | Meghraj & Sons Ltd. | 13 % |
| Bank Hapoalim | 13 % | Midland Bank | 12¾% |
| BCCI | 13½% | ■ Morgan Grenfell | 13 % |
| Bank of Ireland | 13½% | Mount-Credit Corp. Ltd. | 12¾% |
| Bank of Cyprus | 13 % | National Bk. of Kuwait | 13 % |
| Bank of India | 13½% | National Girobank | 13 % |
| Bank of Scotland | 13 % | National Westminster | 13 % |
| Banque Belge Ltd. | 13 % | Northern Bank Ltd. | 13 % |
| Barclays Bank | 12¾% | Norwich Gen. Trust | 12¾% |
| Beneficial Trust Ltd. | 14 % | People's Trust | 14 % |
| Brit. Bank of Mid. East | 13 % | Provincial Trust Ltd. | 14 % |
| ■ Brown Shipley | 13 % | R. Raphael & Sons | 13½% |
| CL Bank Nederland | 12¾% | P. S. Refson | 13½% |
| Canada Perm'nt Trust | 13½% | Roxburghe Guarantee | 13½% |
| Cayzer Ltd. | 13½% | Royal Bank of Scotland | 13 % |
| Cedar Holdings | 14 % | Royal Trust Co. Canada | 12¾% |
| ■ Charterhouse Japhet | 13 % | ■ J. Henry Schroder Wagg | 13 % |
| Choulartons** | | Standard Chartered | ‖12¾% |
| Citibank NA | 13 % | TCB | 13 % |
| Citibank Savings | ¶12¾% | Trustee Savings Bank | 13 % |
| Clydesdale Bank | 13 % | United Bank of Kuwait | 13½% |
| C. E. Coates & Co. Ltd. | 13½% | United Mizrahi Bank | 13½% |
| Comm. Bk. N. East | 13 % | Westpac Banking Corp. | 13 % |
| Consolidated Credits | 13½% | Whiteaway Laidlaw | 13½% |
| Co-operative Bank | *13 % | Williams & Glyn's | 13 % |
| The Cyprus Popular Bk. | 13 % | Wintrust Secs. Ltd. | 13½% |
| Dunbar & Co. Ltd. | 13 % | Yorkshire Bank | 13 % |
| Duncan Lawrie | 12¾% | | |
| E. T. Trust | 13½% | | |
| Exeter Trust Ltd. | 13½% | | |
| First Nat. Fin. Corp. | 14½% | | |
| First Nat. Secs. Ltd. | 14 % | | |
| ■ Robert Fleming & Co. | 13 % | | |
| Robert Fraser & Ptns. | 14 % | | |
| Grindlays Bank | ‡13½% | | |
| ■ Guinness Mahon | 13 % | | |
| ■ Hambros Bank | 13 % | | |
| Heritable & Gen. Trust | 13 % | | |
| ■ Hill Samuel | §13 % | | |
| C. Hoare & Co. | 13 % | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1 month 10.75%. Top tier—£2,500 plus 3 months notice is £12.50% at call when £10,000 plus remains deposited.
‡ Call deposits £1,000 and over 10½%.
‖ 21-day deposits over £1,000 10¾%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 10%.

## MONEY MARKETS

# London rates fall on latest data

Interest rates fell on the London money market yesterday favourable statistics as far as sterling and the U.K. economy are concerned. The revised U.S. first quarter gross national product figure was much lower than expected, sending the dollar falling and the pound rising on the foreign exchanges. This was the major factor behind the fall in interest rates, but the market was also pleased with a rise of only £2.46bn in March U.K. Public Sector Borrowing Requirement, keeping the total figure for the financial year below the estimate made at the time of last month's Budget. Three-month interbank closed at 12⅛-12⅛ per cent compared with 12⅜-12½ per cent, and discount houses buying rates for bank bills fell to 11⅞-12 per cent from 12⅛ per cent. Dealers continue to feel another cut in clearing bank base rates is imminent.

The Bank of England forecast a market shortage of £1,150m, but changed this to £1,250m around noon. Total help provided by the authorities was £1,162m.

An early round of help was offered, and at that time the Bank of England made it clear dealing rates were unchanged when buying £80m bank bills in band 1 (up to 14 days maturity) at 12⅜ per cent. Another £70m bills were purchased for resale to the market in equal amounts on May 8 and May 10 at 12⅜ per cent.

Before lunch further help of £705m was given, including £208m bills bought outright, by way of £191m bank bills in band 1 at 12⅜ per cent; and £17m bank bills in band 2 (15-33 days) at 12⅜ per cent. At the same time £497m bills were purchased for resale to the market, though £481m to be resold on April 30 at 12⅜ per cent; and £16m for resale in equal amounts on May 8 and 10 at 12⅜ per cent.

In the afternoon the Bank of England bought £57m bills outright, by way of £54m bank bills in band 1 at 12⅜ per cent; and £3m bank bills in band 2 at 12⅜ per cent.

Late assistance of £250m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £884m. The unwinding of repurchase agreements absorbed £400m; a rise in the note circulation £30m; and bank balances below target another £10m. These were partly offset by Exchequer transactions adding £155m to liquidity.

**UK clearing banks base lending rate 12¾-13 per cent since April 12**

### LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

| Apr. 18 1985 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 11-14¼ | 13½ | 13¼-15⅝ | 12-13¾ | — | — | — | — | — |
| 2 days notice | — | — | 15¼-13½ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 15⅜-13¾ | 13½-13¼ | 13⅜-13¾ | 13-16½ | — | — | — | — | — |
| One month | 12¾-12⅝ | 12⅞-13 | 12⅞ | 12⅞-16½ | 12⅞ | 15⅝ | 12¼ | 12⅜-12⅜ | 12¼-12⅜ | 13⅛ |
| Two months | 12⅞-12⅞ | 12⅞-12¾ | 12⅞ | 12⅝ | 12¼ | 12⅛ | 11⅞ | 12⅛-12¼ | 11⅞-12 | 12¾ |
| Three months | 12⅞-12⅞ | 12⅞-10⅞ | 12⅞ | 12⅞ | 12 | 11⅞ | 11⅝ | 11⅞-12 | 11¾ | 12⅞ |
| Six months | 11⅞-11⅞ | 11⅞-10⅞ | 11⅞ | — | — | — | — | 11⅛ | 11 | 11¾ |
| Nine months | 11⅞-11⅝ | 11⅞-11⅞ | — | — | — | — | — | — | — | — |
| One year | 11⅞-11⅞ | 11⅞-11¼ | 11⅞ | — | — | — | — | — | — | — |

### MONEY RATES

| April 18 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | 6.35-6.50 | 10¼ | 1-1½ | 6⅝-6⅞ | 6.26875 | 15¼-15½ | 8.50 | 13½-13¾ |
| One month | 5.66-5.80 | 10⅛-10⅝ | 4¾-5 | 6⅛-6¼ | 6.21875 | 14¾-15½ | 9¾-9⅞ | 13⅛-13⅝ |
| Two months | 5.75-6.00 | 10⅛-10⅝ | — | — | — | — | — | 12½-12⅝ |
| Three months | 5.85-6.00 | 10⅛-10⅝ | 5-5¼ | 6¾-6⅞ | 6.28125 | 16⅛-16½ | 9⅞-10⅞ | 12⅞-13⅛ |
| Six months | 5.95-6.10 | 10⅛-10⅝ | — | 5¾-5⅞ | — | — | 9⅞-10⅛ | 12¾-15 |
| Lombard | 6.0 | — | — | — | — | — | — | — |
| Intervention | — | 10½ | — | 6⅞ | — | — | — | — |

| | Local Auth. negotiable bonds | Local Authority Deposits | Finance House Deposits | $ Cert of Deposits | SDR Linked Deposits | ECU Linked Deposits |
|---|---|---|---|---|---|---|
| One month | 13⅛-16 | — | 12⅞ | 8.35-8.45 | 5⅛-8⅛ | 9⅞-9⅞ |
| Two months | 13-10⅝ | — | 12⅝ | 8.45-8.55 | 8¼-8⅜ | 9⅞-9⅞ |
| Three months | 12¾-12¼ | — | 12⅝ | 8.55-8.65 | 8⅛-8⅜ | 9⅞-9⅞ |
| Six months | 12¼-11⅞ | — | 12 | 8.75-8.85 | 8⅞-8¾ | 9⅞-9⅞ |
| Nine months | 12-11⅞ | — | 11⅞ | 9.15-9.25 | — | — |
| One year | 11¾-11⅝ | — | 11⅞ | 9.35-9.45 | 8⅛-9⅛ | 9⅞-9⅞ |
| Two years | — | 11½ | — | — | — | — |
| Three years | — | 11½ | — | — | — | — |
| Four years | — | 11⅝ | — | — | — | — |
| Five years | — | 11⅝ | — | — | — | — |

ECGD Fixed Rate Export Finance IV: Average Rate of interest period March 6 to April 2 (inclusive): 13.616 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 12¾-13 per cent. London Deposit Rates for sums at seven days' notice 7-7½ per cent (net). Treasury Bills: Average tender rates of discount 11.8928 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 15 per cent; one-three months 12½ per cent; three-six months 12¾ per cent; six-months 12 per cent; nine-12 months 11½ per cent. Under £100,000 11 per cent from April 17. Deposits held under Series 5 11¼ per cent. The rate for all deposits withdrawn for cash 3 per cent.

### MONEY RATES

**NEW YORK (Lunchtime)**

| | |
|---|---|
| Prime rate | 10½ |
| Broker loan rate | 9.5 |
| Fed funds | 7⅞ |
| Fed funds at intervention | — |

**Treasury Bills**

| | |
|---|---|
| One month | 7.30 |
| Two month | 7.40 |
| Three month | 7.64 |
| Six month | 7.86 |
| One year | 8.09 |

**Treasury Bonds**

| | |
|---|---|
| Two year | 101¹⁷⁄₃₂ |
| Three year | 100²⁵⁄₃₂ |
| Four year | 102¹¹⁄₃₂ |
| Five year | 102¹¹⁄₃₂ |
| Seven year | 103⅛ |
| 10 year | 100²⁵⁄₃₂ |
| 30 year | 100½ |

### T LONDON INTERBANK FIXING

(11.00 a.m. April 18)

Three months U.S. dollars

| bid 8 11/16 | offer 8 13/16 |
|---|---|

Six months U.S. dollars

| bid 8 15/16 | offer 9 1/16 |
|---|---|

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

# $ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 17, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of April 17 at 11.00 a.m.
3 months: 8⅞ 6 months: 8⅞

ECU=$US.741314 SDR1=$US.999851
Sibor as of April 17 at 11.00 a.m.
3 months 8⅞ 6 months: 8⅞

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Afghanistan | Afghani (o) | 50.50 |
| Albania | Lek | 7.8763 |
| Algeria | Dinar | 5.059 |
| Andorra | Fr. Franc | 9.21 |
| | Sp. Peseta | 168.43 |
| Angola | Kwanza | 29.915 |
| Antigua | E. Caribbean $ | 2.70 |
| Argentina | New Peso (o) | 281.64 |
| Australia | Dollar | 1.5175 |
| Austria | Schilling | 21.205 |
| Azores | Port. Escudo | 168.75 |
| Bahamas | Dollar | 1.00 |
| Bahrain | Dinar | 0.5762 |
| Balearic Is | Sp. Peseta | 168.43 |
| Bangladesh | Taka | 26.50 |
| Barbados | Dollar | 2.0116 |
| Belgium | Franc (c) | 60.353 |
| | Franc (f) | 61.20 |
| Belize | Dollar | 2.00 |
| Benin | C.F.A. Franc | 460.50 |
| Bermuda | Dollar | 1.00 |
| Bhutan | Ind. Rupee | 12.146 |
| Bolivia | Peso (7) | 46,000 |
| | Peso (f) | 136,000 |
| Botswana | Pula (8) | 1.6875 |
| Brazil | Cruzeiro (o) | 4700.00 |
| Brunei | Dollar | 2.2025 |
| Bulgaria | Lev | 1.056 |
| Burkina Faso | C.F.A. Franc | 460.50 |
| Burma | Kyat | 8.6098 |
| Burundi | Franc | 122.712 |
| Cameroun Rp | C.F.A. Franc | 460.50 |
| Canada | Dollar | 1.357 |
| Canary Is | Sp. Peseta | 168.43 |
| Cape Verde Is | Escudo | 90.2696 |
| Cayman Is | Dollar | 0.833 |
| Cen. Africa Rep | C.F.A. Franc | 460.50 |
| Chad | C.F.A. Franc | 460.50 |
| Chile | Peso (o) (3) | 147.30 |
| China | Renminbi Yuan | 2.8268 |
| Colombia | Peso (o) | 129.18 |
| Comoros | C.F.A. Franc | 460.50 |
| Congo Ppls Rep. of | C.F.A. Franc | 460.50 |
| Costa Rica | Colon | 40.00 |
| Cuba | Peso | 0.9311 |
| Cyprus | Pound* | 1.6015 |
| Czechoslovakia | Koruna (o) | 7.20 |
| Denmark | Krone | 10.86 |
| Djibouti Rp. of | Franc | 178.143 |
| Dominica | E. Caribbean $ | 2.70 |
| Domin. Rep. | Peso | 1.00 |
| | Peso (d) | 3.36 |
| Ecuador | Sucre (o,c) | 67.12 |
| | Sucre (d) | 116.00 |
| | Sucre (f) | 95.73 |
| Egypt | Pound | 0.83 |
| | Pound (c) | 1.30 |
| El Salvador | Colon | 2.50 |
| | Colon (d) | 5.00 |
| Eq'tl Guinea | C.F.A. Franc (4) | 460.50 |
| Ethiopia | Birr (o) | 2.0023 |
| Faeroe Is | Dan. Krone | 10.86 |
| Falkland Is | Pound* | 1.282 |
| Fiji | Dollar | 1.1205 |
| Finland | Markka | 6.3395 |
| France | Franc | 9.21 |
| Fr. C'ty in Af | C.F.A. Franc | 460.50 |
| Fr. Guiana | Franc | 9.21 |
| Fr. Pac. Is | C.F.P. Franc | 167.454 |
| Gabon | C.F.A. Franc | 460.50 |
| Gambia | Dalasi | 3.9002 |
| Germany (E) | Ostmark (o) | 3.02 |
| Germany (W) | Mark | 3.08 |
| Ghana | Cedi | 56.00 |
| Gibraltar | Pound* | 1.282 |
| Greece | Drachma | 131.37 |
| Greenland | Dan. Krone | 10.86 |
| Grenada | E. Caribbean $ | 2.70 |
| Guadaloupe | Franc | 9.21 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal (o) | 1.00 |
| | Quetzal (h, f) | 9.81 |
| Guinea Bissau | Peso | 147.323 |
| Guinea Rep | Syli | 24.699 |
| Guyana | Dollar | 4.12 |
| Haiti | Gourde | 5.00 |
| Honduras Rep. | Lempira | 2.00 |
| | Lempira (d) | 2.65 |
| Hong Kong | Dollar | 7.781 |
| Hungary | Forint | 50.4995 |
| Iceland | Krona | 40.81 |
| India | Rupee | 12.145 |
| Indonesia | Rupiah | 1106.00 |
| Iran | Rial (o) | 92.3152 |
| Iraq | Dinar | 0.3109 |
| Irish Rep | Punt* | 1.0372 |
| Israel | Shekel | 917.50 |
| Italy | Lira | 1930.00 |
| Ivory Coast | C.F.A. Franc | 460.50 |
| Jamaica | Dollar (o) (5) | 5.44 |
| Japan | Yen | 249.70 |
| Jordan | Dinar | 0.3878 |
| Kampuchea | Riel | n.a. |
| Kenya | Shilling | 14.799 |
| Kiribati | Aust. Dollar | 1.5175 |
| Korea (Nth) | Won | 0.94 |
| Korea (Sth) | Won | 857.80 |
| Kuwait | Dinar | 0.3006 |
| Lao P'ple D. Rep | Kip | 35.00 |
| Lebanon | Pound | 17.50 |
| Lesotho | Maloti | 1.0102 |
| Liberia | Dollar | 1.00 |
| Libya | Dinar | 0.2961 |
| Liechtenst'n | Sw. Franc | 2.6175 |
| Luxembourg | Lux. Franc | 60.856 |
| Macao | Pataca | 8.0864 |
| Madagascar D. R. | Franc | 632.211 |
| Madeira | Port. Escudo | 168.76 |
| Malawi | Kwacha | 1.7652 |
| Malaysia | Ringgit | 2.4407 |
| Maldive Is | Rufiyaa (o) | 6.05 |
| | Rufiyaa (m) | 7.00 |
| Mali Rp | C.F.A. Franc | 460.50 |
| Malta | Lira* | 2.1877 |
| Martinique | Franc | 9.21 |
| Mauritania | Ouguiya | 57.12 |
| Mauritius | Rupee | 15.4626 |
| Mexico | Peso (d) | 229.27 |
| | Peso (e) | 219.26 |
| Miquelon | Fr. Franc | 9.21 |
| Monaco | Fr. Franc | 9.21 |
| Mongolia | Tugrik (o) | 3.3555 |
| Montserrat | E. Caribbean $ | 2.70 |
| Morocco | Dirham | 9.56 |
| Mozambique | Metica | 42.438 |
| Namibia | S. A. Rand | 1.9102 |
| Nauru Is | Aust. Dollar | 1.5176 |
| Nepal | Rupee | 18.30 |
| Netherlands | Guilder | 3.4105 |
| Neth Ant'les | Guilder | 1.80 |
| New Zealand | Dollar | 2.1739 |
| Nicaragua | Cordoba | 10.00 |
| | Cordoba (d) | 600.00 |
| Niger Rp | C.F.A. Franc | 460.50 |
| Nigeria | Naira | 0.8817 |
| Norway | Krone | 8.745 |
| Oman Sultanate fo | Rial | 0.3456 |
| Pakistan | Rupee | 15.8772 |
| Panama | Balboa | 1.00 |
| Papua N.G. | Kina | 1.0209 |
| Paraguay | Guarani (e.c.) | 240.00 |
| | Guarani (d) | 485.50 |
| Peru | Sol (e) | 8688.27 |
| Philippines | Peso | 18.43 |
| Pitcairn Is | N.Z. Dollar | 2.1769 |
| Poland | Zloty (O) (3) | 137.27 |
| Portugal | Escudo | 168.75 |
| Puerto Rico | U.S. $ | 1.00 |
| Qatar | Riyal | 3.641 |
| Reunion, Ile de la | Fr. Franc | 9.21 |
| Romania | Leu (o) | 4.32 |
| Rwanda | Franc | 102.726 |
| St. Christopher | E. Caribbean $ | 2.70 |
| St. Helena | Pound* | 1.282 |
| St. Lucia | E. Caribbean $ | 2.70 |
| St. Pierre | Fr. Franc | 9.21 |
| St. Vincent | E. Caribbean $ | 2.70 |
| Samoa (Western) | Tala | 2.207 |
| Samoa (Am.) | U.S. $ | 1.00 |
| San Marino | It. Lira | 1930.00 |
| Sao Tome & Principe DR | Dobra | 45.2568 |
| Saudi Arabia | Riyal | 3.61 |
| Senegal | C.F.A. Franc | 460.50 |
| Seychelles | Rupee | 7.2556 |
| Sierra Leone | Leone (2) | 6.00 |
| Singapore | Dollar | 2.2025 |
| Solomon Is | Dollar | 1.3612 |
| Somali Rep | Shilling (2) | 36.50 |
| South Africa | Rand | 1.9108 |
| Spain | Peseta | 168.43 |
| Span Ports in N. Africa | Sp. Peseta | 168.43 |
| Sri Lanka | Rupee | 27.04 |
| Sudan Rep | Pound (10) | 2.50 |
| Surinam | Guilder | 1.785 |
| Swaziland | Lilangeni | 1.0102 |
| Sweden | Krona | 8.8376 |
| Switzerland | Franc | 2.5175 |
| Syria | Pound (o) | 3.925 |
| Taiwan | Dollar (o) | 39.82 |
| Tanzania | Shilling | 17.40 |
| Thailand | Baht | 27.22 |
| Togo Rep | C.F.A. Franc | 460.50 |
| Tonga Is | Pa'anga | 1.5175 |
| Trinidad & Tobago | Dollar | 2.409 |
| Tunisia | Dinar | 0.8352 |
| Turkey | Lira | 495.77 |
| Turks & Caicos | U.S. $ | 1.00 |
| Tuvalu | Aust. Dollar | 1.5176 |
| Uganda | Shilling | 565.28 |
| United Arab Emir. | Dirham | 3.673 |
| Utd. Kingdom | Pound Sterling* | 1.282 |
| Uruguay | Peso (m) | 95.13 |
| USSR | Rouble | 0.908 |
| Vanuatu | Vatu | 100.516 |
| Vatican | Lira | 1030.00 |
| Venezuela | Bolivar (g) | 7.50 |
| | Bolivar (g) (1) | 4.30 |
| | Bolivar (o) | 12.59 |
| | Bolivar (d) | 12.95 |
| Vietnam | Dong (o) | 10.3804 |
| Virgin Is. British | U.S. $ | 1.00 |
| Virgin Is. U.S. | U.S. $ | 1.00 |
| Yemen | Rial | 7.35 |
| Yemen PDR | Dinar | 0.3425 |
| Yugoslavia | Dinar | 246.331 |
| Zaire Rep. | Zaire | 30.4423 |
| Zambia | Kwacha | 2.2519 |
| Zimbabwe | Dollar | 1.487 |

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Sierra Leone: Feb 22. Official devaluation of 58.33%. (3) Chile: February 26. Peso devalued by 9%. (4) Equatorial Guinea: December 31, currency joins Franc zone. (5) Jamaica: November 8. Rate adjustment fixed by Central Bank bi-weekly auction. (6) Somalia: January 8, official devaluation of 29%. (7) Bolivia: February 9, official devaluation of approximately 81%. (8) Malawi: April 2, official devaluation of approximately 15%. For further information please contact your local branch of the Bank of America.

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 18.

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amex Credit 12⅝ 88 | 150 | 103¾ | 104¼ | +0¼ | +1⅞ | 11.12 |
| Austria Rep 13⅝ 92 | 100 | 100 | 102½ | +0⅜ | +1⅜ | 11.83 |
| Bank Of Tokyo 12⅜ 92 | 150 | 102 | 102½ | 0 | +1⅛ | 12.09 |
| Bank of Tokyo 13⅝ 01 | 150 | 108⅛ | 108⅝ | +0⅜ | +1⅝ | 11.83 |
| BP Capital 11⅛ 92 | 150 | 98 | 99½ | +0⅛ | +1⅜ | 11.49 |
| Caisse Nat Tele 13¾ 91 | 100 | 108⅛ | 108⅝ | 0 | +1⅜ | 11.74 |
| Canada 11½ 00 | 500 | 101⅞ | 102⅜ | +0⅛ | +1¼ | 10.91 |
| Canadian Pac 12½ 88 | 75 | 103⅛ | 103⅝ | −0⅛ | +0½ | 11.97 |
| CBS Inc 11⅜ 92 | 100 | 98½ | 99 | +0¼ | +1⅛ | 11.68 |
| Chevron U.S.A. 12¼ 89 | 600 | 102¾ | 103¼ | +0⅛ | +1⅜ | 11.31 |
| Coca Cola 11¾ 91 | 100 | 102⅝ | 103⅛ | 0 | +1¼ | 11.07 |
| Creditanstalt 13⅞ 91 | 150 | 104¼ | 104¾ | +0⅛ | +1¼ | 12.03 |

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Toronto Dom Bk 12⅛ 88 | 100 | † 101½ | 102 | −0¼ | +0¼ | 11.76 |
| Walt Disney Pro 12⅛ 87 | 150 | 104⅝ | 105⅛ | +0⅞ | +1⅞ | 10.09 |
| Weyerhaeuser 12¼ 87 | 150 | 102⅛ | 102⅝ | 0 | +0¼ | 11.08 |
| World Bank 12¼ 94 | 150 | 103 | 103½ | 0 | +1 | 11.64 |
| World Bank 12⅞ 94 | 200 | 106¼ | 106¾ | 0 | +1⅜ | 11.67 |

Average price change On day + 0⅛ on week + 1

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev Bank 8 94 | 200 | † 101½ | 102 | −0⅛ | +0¼ | 7.72 |
| Austria Republic 7⅝ 94 | 200 | † 100½ | 101 | −0¼ | +0½ | 7.50 |
| Baxter Travenol 1¼ 94 | 200 | † 98⅞ | 99⅜ | 0 | +0¼ | 7.38 |
| Credit National 0⅞ 94 | 200 | † 102⅛ | 103 | −0⅜ | +0¼ | 7.68 |

# OVER-THE-COUNTER

Continued from Page 30

# CAPITAL MARKETS

# U.S. GNP figures prompt rush of Eurodollar issues

BY MAGGIE URRY IN LONDON

A RUSH of Eurodollar bond issues was triggered yesterday afternoon by the publication of the revised U.S. GNP figure for the first quarter. The unexpectedly large downward adjustment set the bond market alight in New York and helped Eurodollar bonds to a rise of ⅜ to ½ a point.

Within an hour of the announcement, Sweden had launched a $200 issue led by Swiss Bank Corporation International, which proved easily most generously priced of the four deals to appear. The five-year issue has a 10⅝ per cent coupon and par issue price, giving Sweden an all-in cost of borrowing taking gross fees of 1⅞ per cent around 40 basis points over U.S. Treasury bond yields. The bonds traded around 98⅝, well inside the fees.

Bidding followed for three U.S. corporate deals, which were rapidly won, and launched on tight terms. "They are living in Disney World," said one syndicate manager, happily not successful in the bidding.

The issues were $250m for Texaco, led by Union Bank of Switzerland (Securities), $200m for General Electric led by Lehman Brothers with UBS (Securities) as co-lead, and $100m American Express Credit led by Lehman Brothers.

The shortest maturity was GE's at four years, with a 10¼ per cent coupon and par issue price. Fees were 1⅜ per cent, giving a cost to GE of only 8 basis points over Treasury bonds.

Amex's deal was a year longer, with a 10⅞ per cent coupon and 99⅞ issue price. With commissions of 1⅞ per cent the borrowing cost is around 40 basis points over Treasuries. Tightest of all was Texaco's 10-year issue, paying a 11⅛ per cent coupon, issued at par. Dealers reckoned the yield with fees of 2 per cent, was about level with Treasury issues.

These three deals came too late to trade actively, although dealers expected them to fall outside their fees unless the New York bond market moved further ahead. The issues may encourage other borrowers to the market, and, without a further rise in prices, underwriters could end up holding even more unsaleable paper.

| BHF Bank bond average | | |
|---|---|---|
| April 18 101.734 | | Previous 101.718 |
| High 102.860 | 1985 | Low 99.840 |

Swiss Bank Corporation also cut the coupon for its Swiss franc convertible for Oki Electric by the same amount, to 1½ per cent. The issue size was set at the maximum SwFr 80m.

SBC launched a SwFr 100m convertible for Ushio with a near six-year maturity. The indicated yield is 1¾ per cent.

Handelsbank launched a SwFr 40m straight issue for Sogo Denki with an indicated 6¼ per cent yield and a five-year life. Citicorp (Switzerland) announced a SwFr 15m straight for Meyko Electronic.

The Swiss Franc foreign bond market was again firmer, with prices gaining up to ¼ point. The tone remains positive, with the dollar weakening.

Similarly the D-Mark bond market saw a buying spree when the dollar fell after the GNP figure was published. Prices which had been unchanged earlier, rose by ¼ point. The federal bond issue was priced with a yield of 7.2 per cent and a 10-year life.

Ireland stepped into the breach left by the withdrawal of Malaysia's expected D-Mark issue. The Irish deal raises DM 150m for 12 years, with a 7¾ per cent coupon and par issue price. The deal, led by Commerzbank, was trading around 99, well inside the selling concession.

Bridgestone, the Japanese tyre company, has decided to postpone its Euroyen convertible issue which was to have raised Y20bn, while the market is unsettled.

Nomura International is syndicating a $40m convertible issue for the Lonrho UK diversified company. The bonds will have a 15-year life and the indicated coupon is 6 per cent.

Yamaichi International priced the $70m coovertible for Nippon Oil as indicated with a 3 per cent coupon, while Credit Suisse cut the coupon on its SwFr 100m convertible for the same borrower from the indicated 1¾ per cent to 1½ per cent.

WEEKLY U.S. BOND YIELDS (%)

| | Apr 17 | Apr 10 | 1985 High | 1985 Low |
|---|---|---|---|---|
| Composite Corp. AA | 12.00 | 12.17 | 14.23 | 11.93 |
| Government: | | | | |
| Long-term | 11.28 | 11.53 | 13.69 | 11.19 |
| Intermediate | 11.18 | 11.50 | 13.79 | 11.12 |
| Short-term | 10.13 | 10.46 | 13.22 | 10.03 |
| Municipal | n/a | 9.51 | 11.14 | 9.51 |
| Industrials AAA | 11.53 | 11.76 | 13.08 | 11.44 |
| Industrials AA | 12.00 | 12.22 | 14.13 | 11.96 |
| Utilities AA | 12.01 | 12.11 | 14.45 | 12.01 |
| Preferred Stocks | 10.75 | 10.79 | 12.17 | 10.75 |

Source: Standard & Poor's

CREDITS

# Kredietbank alters plan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

BELGIUM's Kredietbank has become one of the first Euromarket borrowers to modify its plans after the recent Bank of England circular imposing capital requirements on underwriting obligations arising out of Euronote facilities.

Apparently exploiting a loophole in the Bank's guidelines, Kredietbank yesterday mandated Lloyds Bank International for a $100m, seven-year revolving credit bearing a commitment fee of 6¼ basis points and a margin of up to ¼ point over London Eurodollar rates, depending how much is drawn.

Lloyds Bank declined to comment on the structure of the deal yesterday, hut other bankers say it would make no sense unless Kredietbank inteoded separately to issue Euronotes without any firm underwriting commitment. The cost of drawing the credit would be far higher than if the bank had simply launched a floating rate note.

With the credit in place, however, there is nothing to stop Kredietbank raising cheap funds in the Eurooote market at some stage in the future.

Rumours of a Euronote deal for Kredietbank had been circulating before the Bank of England action on capital requirements. Bankers believe that the Bank's move prompted Kredietbank to separate the credit from the package so that it could be launched in a form that was free of all capital requirements.

FINANCIAL TIMES SURVEY

# Business Travel

The emphasis by the suppliers of the needs of executive travellers is switching from primarily one of costs to quality of service. This switch manifests itself in many ways but the end result is treating people more as people.

## Emphasis on service

By Arthur Sandles

THERE ARE two constant strands running through the fabric of business travel at the moment. The volatility of leisure travel, notably in Europe—as what is hoped to be the tail end of the recession continues to take its toll — has encouraged suppliers to turn much more of their attention to the consistent, if demanding, commercial market.

At the same time a surfeit of supply in almost every field—hotels, airline seats, rental cars, conference centres and travel agents—has encouraged fierce competition.

This competition for a long time centred around cost. Today suppliers seem to have decided that this was only a lemming-like race which would produce ruin for all concerned. Although price remains a factor in tha fight for business most suppliers make their pitch today on the basis of service.

This switch to service manifests itself in a variety of ways. The upper echelon hotels offer, as a matter of course, business centres, executive floors, health clubs and superbly equipped rooms: car rental companies are eager to assure their regulars that they will never be refused a vehicle: the airlines promise ever wider seats and ever more creative chefs: and travel agents pledge that around tha globe and at any hour of the day or night you never need be alone. The name of the game, to use hackneyed Sixties advertising terminology, is perceived added valua.

The implications of this description are, of course, that there is no added value in reality. It is said, for example, that there is no difference between the various brands of petrol, but brand loyalty is encouraged by the oil companies despite this irritating little fact. The question is whether that is so in the travel business.

### Real benefits

In most areas it probably is not. In the case of airlines and hotels in particular it is a matter of providing real additional benefits, but providing them in such a way as to encourage such an additional flow of traffic, or allow such a premium price, that the added benefits are not only perceived but also, at worst, self-liquidating and, at best, highly profitable.

British Caledonian's new transatlantic service to New York this spring has the added incentive of a door to door service for first class and business class passengers. Since neither the cars involved nor their drivers give their service to the airline free it is clear that BCal hopes to make more out of the scheme than it pays for the transportation.

"We have done a considerable amount of research," says BCal, "asking people what it was in air travel that gave them the most problems. Tima and time again airport transportation came up." Clearly BCal needed another dimension to its service as a newcomer to a route which already has all the heavyweights on it.

BCal's view of the need for research and for reaction to it is typical of tha travel industry today. British Airways is not changing its already comfortable first class seats, yet again, simply for the fun of it.

As the result of the competition for the business traveller some of the "added values" can be quite dramatic. The American Express "centurion assistance" insurance scheme which gives, year round, world-wide medical cover for £35 and added benefits such as personal liability insurance, for a further £15, has to be a snip when similar schemes cost twice as much and exclude such recreations as ski-ing. And yet, I suspect, this is a "perceived added-value" scheme.

Added value is often offered as a bait to lure the customer into regular patronage. This is seen at its most obvious with the various loyalty schemes offered by most sectors of the industry and which are discussed elsewhere in this survey.

Loyalty schemes, in the form of clubs or frequent user plans can be a double-edged sword, as some U.S. airlines have found to their cost, but they are very much with us to stay.

All this is not to say that price is no longer a consideration of the business traveller. However, the price pitch is one which is likely to be made to you by a travel agent rather than a prime supplier.

An agent will attempt to prove that the service you are getting at the moment could be bought from him cheaper and that, almost certainly, he could improve upon it. Even here, service is an important element of any travel agency presentation to potential customers.

It is often said in the travel business that accounts are won over the corporata treasurer's desk and lost in the field. In other words, price counts when you are pitching for an account but you lose it the moment the chairman finds himself in the rear end of an Ilyushin because the agent said that going via Moscow was the cheapest way to get to Auckland.

All this competition is not over peanuts. No one knows precisely how big the business travel market is but it is huge. In the UK alone, Pickfords Travel estimate that Britons make 2m overseas business trips a year.

If you bundle all business travel and entertainment together, including UK domestic and foreign travel an annual spend of over £13bn is involved if the American Express estimates are right.

Given the size of the business it is hardly surprising that over the past decade it has become extraordinarily professional. There was a time when business travel was simply a left-over activity from leisure travel.

The first oil crisis of the early Seventies brought the true value of the business market into focus, notably by producing the first real wave of surplus capacity.

This placed power in the hands of the consumer, a consumer who promptly rebelled against being lumped with the bucket-and-spade brigade and paying heavily for the privilege. This in turn led to the clubs and special service sections which abound today.

In recent years we have seen the added dimension of technology bringing spice to the game. Few consumer industries have taken to the chip with as much enthusiasm as the travel business. The airline computer which is now so commonplace is only the tip of the iceberg.

Computer systems are now a major element of the reservation and information systems of all sectors of the industry. Better technology is at the heart of competition in the car rental market at the moment and without it the major hotel chains would be crippled. On an individual hotel basis it would be impossible to run the tightly-controlled computer system of today without enormously increased costs.

Oddly enough, it is the computer which has helped to accelerate the rush to service. It enables hotels, credit card companies and airlines to pretend at least that they are offering a personalised service—we all prefer to be called by name rather than by number even if we know, in our heart of hearts, that they are both just bytes of information in a memory bank.

The rest of the Eighties look likely to see a continued and growing emphasis on service and the perceived added value of everything from an airline to a hotel room. Treating people as if they were people is the message of the day and in this Alice in Wonderland world it is the computer that is helping to make that personalisation a practical reality.

The one thing that is not open to question is that the next decade will include con-

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Contents

# Need for better integration of mobile communications

## Travel technology

ALASTAIR GUILD

THE EXECUTIVE need no longer be tied to his "office." The facilities whicb, until recently, may have kept him there ere now just as evailable to him as be travels, either ln tbe UK or overseas. Sucb developments are the product largely of the convergence of telecommunications and computers. Not without rcason have computer compenies such as STC and ICL decided to pool their expertise.

The devices which s travelling executive might carry range from the simplc bleeper to one of the emerging generation of portable computers. The number of services provided for use witb such devices over the telepbone networks is also increasing.

Over 500 Velue Added Network Services (VANS) are now registered. These include mailboxes, customer date bases and conference calls, all used by the executive on the move. Interestingly, some portable computec manufacturers are offering free membership of British Telecom's electronic mail service with every computer bought.

In the not too distant future, equipment such as the *ICL One* Per Desk will be available in a portable form. The OPD integrates personal computing, telephone and data commuoications with other messaging and electrooic mail systems and will connect to an ICL host meinframe.

At present, the number of truly portable computers is limited. "There is a large gap between wbat the market offers and what potential users want," *says Mr Ian Perring*, one of the authors of e report soon to be published on Portable Computers: The Market Potential in Europe.

He estimetes that there are some 40,000 portable computers in use in the UK but that 2m people, or 12 per cent of the working population are mobile.

"People who travel a lot don't want to carry much equipment with them. The design of portables hasn't been properly thought through. There is no reason why a pager, or radio 'phone shouldn't be integreted into one package. And there are *very* few portables *that link* well with desktop micros, for example."

There are many other factors to be considered by the executive choosing a portable computer for use while travelling. Can it run on batteries and bow much power will it use for which tasks; is it IBM compatible; most important, wbat will it be used for?

### Storing

Units are available for simply storing information, wbich can be loaded onto a more powerful micro when the executive returns to his office. At the other extreme, a handful of portables are capable of performing most of the tasks expected of an office micro.

The Apricot ACT, weighing 12 lbs, is one of the more advanced portable computers. ft integretes many of the functions necessary for the trsvelling executive. One of its software packages, Communique, gives instant access to 12 principal public information services and to electronic mail services. So a businessman can send telexes worldwide from the hotel bedroom, airport terminal or public call box, provided he bas access to a telepbone line.

Messages are stored in the recipient's "mailbox" in the *memory of a computer ready* for collection when he keys in his personalised code on bis terminal. He can then read his messeges, print them out or file them in the system.

The executive may prepare the text of the message to be transmitted using the ACT as a *wordprocessor* and *tben send* it to any mailbox using Communique. Equally, the executive can scan his mailbox for messages received and pull them off by computer.

Communique may also be used to access pagers. These range from a simple tone bleeper to tbe mucb more sophisticated visusl paging devices, wbich can receive text messages of up to 80 charecters and store them for display.

Callers can send messages by telephoning a communication centre operated by companies such as Air Call. But they can also *access Air Call's* computer from anywhere in the world via telex or almost eny terminal with asynchronous communications. Messages can then be transmitted to users wherever they are within the UK coverage area which exceeds 1,500 square kilometres.

Any message can also be logged into an electronic mail box if, for example, the bleeper is underground and so unable to receive a message.

Mr Jonathon Edwards, a divisional menager for Air Call stresses the need for sn integreted approach to the travelling executive's communication needs from the intelligent termioal or postal pocket telex to wortdwide data communications.

The executive may need a terminal solely for seoding and receiving messages from an electronic mailbox. Tben a mucb less powerful computer, *such as* the Brother EP44 or TC 600, with aconstic coupler for connection to the telephone network will suffice. One nf electronic mail's main advantages is that it eoables a word processor to "talk" to equipment from another supplier.

"Our aim is to provide a switching system wbicb is simple to understand and easy to use," says Mr John Carroll, managing director of the company set up to run Easylink, an electronic mail service. "Messege service suppliers offer editine and filing facilities."

With tbe increasing power of terminal equipment and the felling cost, the need for central filing and processing will decline. Those functions will reside in the user's terminal and be under his control."

Soon terminals will also be able to send and receive deta over cellular radio, meking the travelling executive yet more mobile. Racal Vodafone, one of tbe providers of cellular in the *UK, has already announced an* add-on unit for vebicle radio telepbones that allows computers, telex, electronic mail boxes and viewdata services to be reached from the car.

Other valued added or enbanced services may include a secretarial or information bureau aimed at the smaller businessman to enable self-employed users to deal with theic correspondence from the car.

### Linked

Conferencing, both audio and visual, is another example of a value added services which can lessen the inconvenience of geographical separetion. Nevertheless, *it is a mistake to* weigh up the cost of teleconferencing only against direct savings, for example, on travel costs," says Mr Jim Birrell, a senior consultant for Economist Informatics.

"There are many other considerations. It can allow people to bave meetings when ordinarily they would do without; to enable them to work more efficiently."

Darome Connection is the largest teleconferencing system in the world to use regular pbone lines. The service can link together as many as 60 *different locations on* one conferenee. Groups can participate by using speaker pbones or special portable teleconferencing units equipped with microphones.

Convenors connect to regular pbone lines and amplify the call so that many people in one *place can hear,* and *join in the* discussion using the micropbone. To eliminate confusing cross talk, a voice actuated system permits only one person to speak at a time.

"Audio conferencing facilities should be thought of as another piece of office equipment," says Mr Birrell. "Many companies don't think twice about spending thousands of pounds on computer systems and yet are *very* touchy about spending money on advanced telephone techniques, even thongh, on average, a businessman spends 65 per cent of his time talking at meetings rather than generating data."

In America, wbere eudioconferencing is more establisbed, organisations are integrating traditional data and text processing with teleconferencing technology to create new systems. For example, teleconferencing may be supported by compnter access to data and modelling tools.

During a meeting, participants can consult a eomputer-based model to evaluate alternative proposals. Computer-generated graphics can be used to present the results of these analyses to *the teleconferencing* participants. Reports on file in text processing systems can be accessed, updated and transmitted.

For many organisations, full motion video conferencing may prove inappropriate. The costs of setting up a studio fecility are immense. Public studios, sueh as those provided by British Telecom, are available for hire, but they too are not *inexpensive*. So some companies bave combined audio conferencing with facsimile, electronic blackboards or slow scan television to send single TV pictores over the telephone lines. These techniques use up far less bandwidth tben full-motion video conferencing.

Recent advances in digital picture encoding and compression bave reduced transmission costs, belping to make video *conferencing a more* viable "in-bouse" proposition for geograpbically dispersed organisations. The provision by Mercury and British Telecom of digital networks will enable these signals to be sent over the public telephone network.





# Drive to cut travel costs

## Control and management

ALLAN BEAVER

AT LEAST £13bn is being spent annually on travel and associsted expenditure in and from the UK, about twice the corporation tax the same companies paid e few months ago, and a sizeable slice of this is interest.

Last year, research was conducted for American Express involving 1,030 UK companies spending from under £5,000 to more than £1m a year in this field.

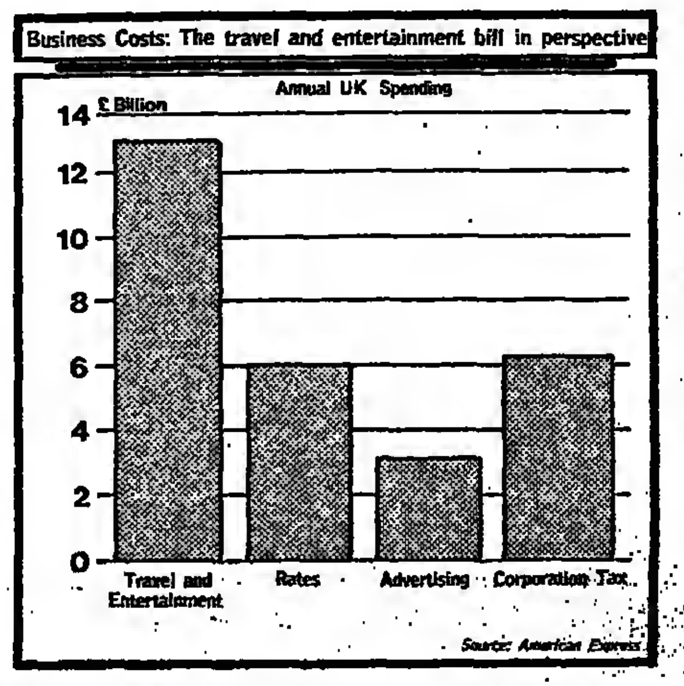
From this, it could be estimated that at any one time, a staggering £780m is in employees' bands in the form of casb advances. At a notional interest rate of 14 per cent, this is costing over £109m a year to service. Much of this can be avoided.

The research shows that while non-management staff incur more than half of total business expenses, when it comes to the issue of company credit or cbarge cards, they are firmly in the minority.

Keeping company cars fuelled is by far the biggest single cost incurred by travellers in the UK, accounting for 36 per cent of all spending, followed by accommodation and subsistence with 20 per cent. Entertainment of business contacts accounts for 15 per cent, followed by the various forms of travel.

For overseas travellers, air tickets, with 42 per cent, are the biggest item, with accommodation and *subsistence also* figuring higbly with 31 per cent.

Business Costs: The travel and entertainment bill in perspective




### Popular

A veriety of methods is used to pay for expenses, the main one still being a company's cash reserves. In the case of sales and service staff, 65 per cent use permanent casb advances to pay bills and 67 per cent, *temporary ones*.

Only 31 per cent of company sales and service staff use credit or charge cards to pay for business expenses, whereas by contrast, the figure for management is 42 per cent.

Travellers cbeques remain a popular way of funding expeoses oversees. Some 64 per cent of companies provide them for employees going ebroad, and six in ten sales and service staff compared with seven in ten managers use them to pay bills.

Travellers cbeques have to be paid for instantly but there is often several months time lag before credit card bills are paid.

Credit cards are issued by less than a third of companies to their UK trevellers and even less to those going overseas. About a quarter of companies nevertheless, pay annual fee for employees using their personal charge cards for business purposes.

Americen Express is the card most favoured by the majority of companies, aecounting for about 62 per cent of company provided cards and over 80 per cent of personal cards for which the company pays the annual fee.

The principal barrier, bowever, to wider use of credit cards is possible misuse by employees. Of those surveyed 69 per cent expressed reservations about the possible use of cards issued for spending by tbeir employees.

American Express were the first to tailor their service to companies by offering corporate cards for up to 100 employees of the same organisation, though there are now several systems on offer.

For those hsving to monitor travel and entertaioment spending, the corporate card and Amex Travel Mansgement Service system is designed to give *employees and their company* more eccurate information on business expenses, better cost control and a choice of billing systems to suit accounting practice.

A particularly valnable aspect of this system, is a failsafe mechanism to protect companies against possible employees misuse of the American Express Card. Under a Waiver of Liability insurance policy, companies are automatically covered against this.

Diners Club offers a similar system whicb is used by a number of agents. The big agents too, such as Thomas Cook provide clients with travel management services giving bighly detailed *breakdowns* of expenses.

Hogg Robinson call their comprehensive system Business *Expense Management*, providing an improved cash flow and streamlining the associated accounting.

*Invoices* are *issued direct* from Diners Club, with statements carrying all the detail a particular company requires. The credit free period under these arrangements is extended up to sround 60 days.

The Diners Club Corporate Card Service is similar to Amex, end as before, separate from their corporate Travel Account Service.

Pickfords Travel strese the benefits *of* extended credit facilities end accounting simplifications that are possible in conjunction with centralised monthly billing arrangements, wben pitching for new accounts. Mr Brian Donnelly, their Commercial Director, believes that these errangements normally provide en average period of credit of between 60 and 90 days.

As for travellers cheqnes, when obtained from a bank a company account is debited immediately. From a cash flow point of view there is a significant difference when purchasing travellers cheques through an *agency, for the payment is only* required within seven days of invoice. After that, it may take another week before the cheque is cleared, if a weekend intervenes.

The market leaders among business travel agents, all have their own *computer* systems providing access to a range of cbeap air fares, such as Pickfords Olive and Lunn Poly's Boris. Througb these systems, travel clerks know whet discount deals have been negotiated on eech air route. But there is no point knowing that your travel agent has eccess to *cut price travel facilities*, unless you can monitor whether these rates are being offered and *accepted*.

### Myth

"*There* is a myth about air fares. Tbe average business traveller will not accept inconvenient times of travel or reductions in standards of comfort, bringing him into conflict with the attitudes of the person in an organisation who makes decisions to purchase business travel," *Mr Andrew Barrett*, a director of Thomas Cook, believes.

A Thomas Cook air fare savings report, one of the travel management services it offers, or a Lunn Poly Air Travel Analysis enables management to judge the actual cost wbare travellers do not accept the lowest fare offered to them.

In the advertising industry, an agency must pass on to a elient, discounts that have been negotiated. Until recently, this was not the practice of travel agencies, but now all that has *changed*.

By the end of this year, it is expected that about 300 Computer Communications (CCL) Document Printing and Accounting Systems (DPAS) will have been installed in British agencies, automatically producing air tickets, invoices, itineraries and end of month statement.

Average capital eosts are between £20,000 and £30,000, quite apart from an on-going maintenance charge. Only with systems like this, linked to Travicom or the Amex TRIPS can business travel be handled efficiently.

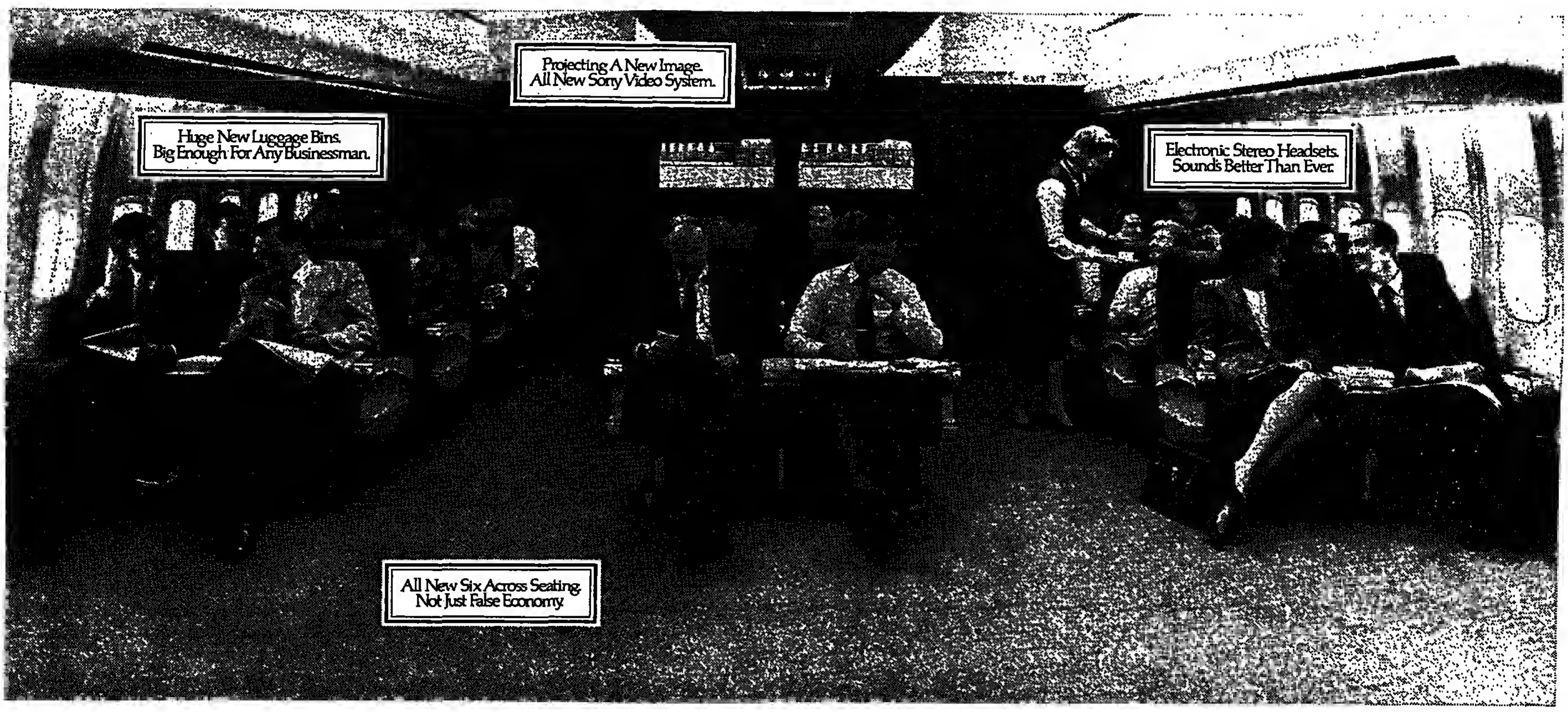
**NUMBER OF DAYS CREDIT GAINED**

Through eorporate accounting for airline charges

| ACTION | No. of days |
|---|---|
| Travel agent passes vouchers to airline | |
| Minimum | 3 |
| Maximum | 4 |
| Average | 3 |
| Airlines bill Diners Club | |
| Minimum | 2 |
| Maximum | 60 |
| Average | 29 |
| Diners Club bills company | |
| Minimum | 2 |
| Maximum | 30 |
| Average | 14 |
| Company pays Diners Club | |
| Minimum | 2 |
| Maximum | 30 |
| Average | 14 |
| Totals | |
| Minimum | 8 |
| Maximum | 124 |
| Average | 60 |
| **NON-AIRLINE CHARGES** | |
| Travel agents bill Diners Club | |
| Minimum | 2 |
| Maximum | 4 |
| Average | 3 |
| Diners Club bills company | |
| Minimum | 2 |
| Maximum | 30 |
| Average | 14 |
| Company pays Diners Club | |
| Minimum | 2 |
| Maximum | 30 |
| Average | 14 |
| Totals | |
| Minimum | 6 |
| Maximum | 64 |
| Average | 31 |

Research: Hogg Robinson.

# Pan Am's New Clipper Class. The Million Dollar Experience.




One million dollars. That's how much we're spending refurbishing each Pan Am 747.

Our objective is, simply, to make Pan Am Clipper® Class the best in the business. To do this we totally redesigned it.

No longer is there, as with some airlines, one separate business cabin. The new Clipper Class has three. That gives you more privacy.

**Out With The Old, In With The New.**

Then we threw out the eight-across seating. Now it's just six across. And, they're individual seats purpose-built for business class.

Out will go the overhead bins. New Super-bins will soon come to the rescue of travellers with large hand luggage. Six times bigger, these new bins will take several suitcases or garment bags.

The film goes the same way. Out. Movie buffs needn't worry though, in its place is a brand new Sony video system.

But the new Clipper Class doesn't just look better, it sounds better too, with the addition of new lightweight electronic headphones.

**A New Restaurant At 35,000 Ft.**

When it's time for dining there is a new experience to enjoy. Your choice of main courses is served to you separately, on china as it was in flying's gracious days.

But the benefits of travelling Pan Am Clipper Class aren't all aboard the 747.

On arrival at the airport you go straight to your own separate check-in.

**Speed Above The Traffic.**

If you're going to New York there's a free helicopter at JFK to East 60th Street, Wall Street or Newark Airport. Be sure you book your seat.

Next time you fly to the States fly Pan Am. After all, who else offers, for the price of a business class ticket, a million dollar experience?

Fly the million dollar experience to:
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And soon, to Detroit and St. Louis.
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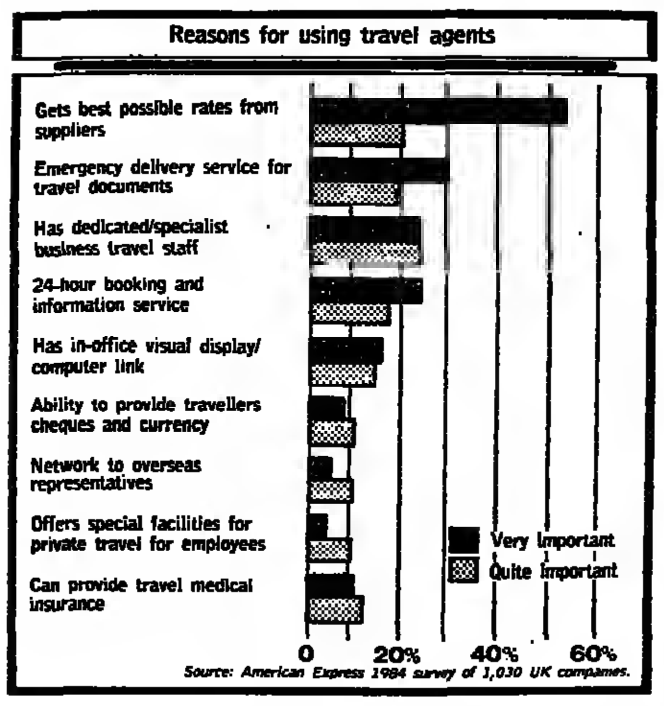
01-409 0688 or Prestel 215747

**Pan Am. You Can't Beat The Experience.®**




Right: The Travicom ticket printer is now the standard travel industry air booking system and is used by travel agents to connect directly to the reservation systems of about 40 of the world's biggest airlines

# Why purchasing muscle counts

## Travel Agents

ROBERT OAKDALE

THE STRONG competition to provide services for business travellers is beginning to tell on Britain's travel agents. The smaller ones are countinuing to lose custom to the bigger companies.

They cannot compete with the discounts offered by companies such as American Express, Hogg Robinson, Lunn Poly, Pickfords and Thomas Cook, whose purchasing muscla enables them to negotiate good deals with travel suppliers.

These bigger companies, are themselves, however, having to struggle to make sure that their business travel divisions remain profitable.

During the last 10 years the number of UK business air travellers bas risen from 1.4m annually to 2.3m but a large proportion of this growth has been bandled hy the big five already mentioned.

In the U.S. pressure on the sector has this year come from a new source—deregulation of the air industry. The U.S. Airline Deregulation Act of 1978 acbeduled the elimination of the Civil Aeronautics Board from January 1 of this year.

Originally the Act transferred authority to grant anti-trust immunity for tbe U.S. travel industry's collective agreements including travel agency programmes from the CAB to the U.S. Juatice Department.

This was altered subsequently and together with the remaining economic regulation of the U.S. airline industry, control of anti-trust immunity rules has now been vested in the Department of Transportation. Immunity in America will disappear altogether on Jannary 1 1989.

From the beginning of this year, however, airlines in the U.S. have been permitted to select alternatives to travel agents as their distribution ontlets. The commission previously taken by travel agents on ticket sales is in theory now availabla to big companies, offering the possihility of hig savings on company travel accounts.

Surprisingly, cbanges in Association of British Travel Agents rules last year allow the same thing In Britain. The Restrictive Practices Court caused ABTA to abandon all the premises and locations rules, requiring an agency merely to have one qualified member of staff with several years experience in order to gain trade body membership. This could be someone working from home, or indeed, a company business travel department.

ABTA's finance rules are stringent but a big company sbould bave no difficulty in meeting these criteria.

### Opposition

The store group Tesco, for example, used the brand name Dairyglen for its in-house travel agency which was eventually established after fierce trade opposition. It offered 5 per cent discount on package holidays for all company employees and a captive agency through which all Tesco business travel could be passed. It sounded a great idea, but in practice however it proved not to be viable. Earlier this year, Tesco sold the operation to Thomas Cook.

In another development during the past decade, several Britisb travel agencies had specialised in forming 50/50 travel companies with organisations undertaking substantial business travel, to enable them to participate in profits emanating from their own employees' journeys.

Tbe real profits from these operations, are clearly difficult to assess, as notional rent, rates, ligbting, beating, office furniture, depreciation or cleaning bills are often not included.

The higger a companv's travel account, bowever, the greater must be the temptation to act as agents. One of the major reasons is because they are being denied use of the electronic reservation equipment, now the norm in their agents' offices.

Sucb restrictions do not apply to printed guides. ABC World Airways Gulde is the market leader in the printed airline scbedule business, although its major competitor, the OAG, is the biggest seller in the U.S. Both publications are purchased and used extensively by business travel departments and are not restricted to the travel industry.

UK trials of electronic versions of both of these are now taking place. Their information databases are likely to be accessible through private viewdata and Prestel as well as via the travel industry's own communication networks.

Business travel departments of companies can, however, only make air bookings by telephone and the Guild of British Travel Agents is violently opposed to allowing non-agents to use Travicom, the standard travel industry air booking system.

A Travicom terminal connects directly to the reservations systems of about 40 of the world's biggest airline system and the user can make or alter bookings as well as reserving car hire, accommodation and other facilities.

Their opposition to the wider use of Travicom was unable to stop the merging of the Travicom private view-data aervice with Prestel's Skytrack, implemented from the beginning of April. Any ABTA members, whether or not bolding airline tickets in stock, is now able to contract to take this service in its less sophisticated view-data form.

Since anyone satisfying the financial and other criteria can become an association member, any business travel department that wants to make air bookings thnough Travicom Skytrack now bas a way of achieving this objective.

### Travicom

Already, some business travel agents, have equipped their in-company operations with these devices. Hogg Robinson openly advertise wbat their competitors offer covertly. They will install Travicom in any company's premises wbere at least one member of Hogg staff is working. Where two or more are on site they will apply for an IATA appointment and do all airline ticketing locally.

It may, in fact, not be long before a non-travel company decides to insist on being supplied with Travicom Skytrack service. If Travicom refuse, because of Guild pressure, a reference to the Office of Fair Trading will speedily resolve the matter.

Of course, the Guild sees the provision of electronic reservations equipment to business travel departments as the thin end of the wedge. It is only one small step from this, to attach au automated ticketing device. In the U.S. this is already permitted.

# Perks under threat from the taxman

## Loyalty schemes

ARTHUR SANDLES

A CHILL wind has blown through British business travel in recent weks with tha news that the U.K. revenue is taking a much greater interest in travel perks than in the past. So enthusiastic has been that interest, although the revenue deny that there bas been a "crackdown," tbat we may have seen the passing of the perk age as far as the British market is concerned.

The basic revenue position is that employees who gain personal benefit as a result of their employment, over and above their salaries, must be taxed on that benefit. This net neatly catches all those schemes which reward frequent travellers with personal benefits such as free weekends in the country in Paris to Amsterdam for two of course, free nights on the town, free luggage and crates of champagne.

The biggest catch so far in the tax net has been British Rail. Its Travel Key programme offers a variety of benefits but included among them until now have been a series of prizes for frequent use. The biggest prize was a wekend for two for customers who had charged £1,400 or more on the card. Since the card is only isued to companies and partnerships that means that the individnal is gaining a benefit as a direct result of his or her employment.

The revenue called Travel Key in for consultation. Honourable people that they are, British Rail executives declined to name their cardbolders and particularly declined to state what prizes had been won and taken. "They were very nice about it," says Travel Key. Not so nice, however, as to drop the tax demand.

In the end, British Rail had to promise to pay the tax on behalf of the customers, with a deal being struck on just what rata of tax should be applied.

"To keep faith with its existing 22,000 Travel Key card holders BR will continue to offer the bonuses until the cards come np for renewal," says Travel Key. "But all holders are being advised that details of the bonuses will in future be supplied to the tax authorities." The writer has received just such a letter (PS to taxman, I have not used any bonus).

Loyalty programmes of this type are nowhere near as common as they are in the U.S., where the Internal Revenue is scratching its bead to find a way of attacking them hut where the laws are somewbat less clear apparently than they are in Britain.

The car rental husiness almost bankrupted itself a few years ago with give-aways and U.S. airlines now regard frequent flier programmes as an unfortunate way of life.

In the UK only British Midland and the commuter airline, Metropolitan, operate frequent flier programmes to any extent, and both are fully aware of the tax dangers. British Midland recently told that bible of the business travel world, Execntive Travel, that its running off of 20,000 "passports" as part of its new frequent flier programme with prizes running up to weekends away for two had instantly come to the attention of the taxman wbo promptly demanded names.

### Complicated

"Our accountants are looking into the tax aspects," says BMA as a result. "There are implications of being awarded a flight as a perk, but it is extremely complicated and there are varying views about the recipients' liability." Not as far as the revenue is concerned if the answers to my own questions are any guide.

"When it is the employer who pays for the ticket and it is the employee who gets the travel bonus there is a taxable benefit."

Modest offenders concerned about their free pens, T-shirts or even a quarter bottle of cbampagne in their rooms need not be too alarmed. "We don't do silly things," says the revenue. "We have to be cost-effective and that means we will not bother ourselves with trivia."

Nor need there be concern about schemes which give the traveller upgrades in car, room or airline seat. In that case it seems that the person concerned is regarded as the company. Thns if J. Smith of Sbell is given a suite instead of a single room, simply because Shell is such a good customer, it is perceived as a benefit to Shell, not to Smith. But if Smith is allowed to instal a companion for nothing, then it becomes a personal, rather than a corporate, benefit.

Before Shell writes to suggest that such a thing would never happen perhaps I should stress that many companies bave a strict policy of non-participation in such programmes. Suppliers are used only on condition that no benefits are offered directly to staff and staff are informed that they will he fired if they accept aucb benefits.

The naming of names by providers raises one fascinating aspect of the whole business. One international organisation that I was asked to keep enonymous raised its corporate hands in horror at the thought af telling all to any outsider, governmental agency or not.

"We do not think that all necessarily take their spouses the people who use our awards along on tbeir weekends or holidays. We do not want to be responsible for sending some of our best customers to the divorce court."

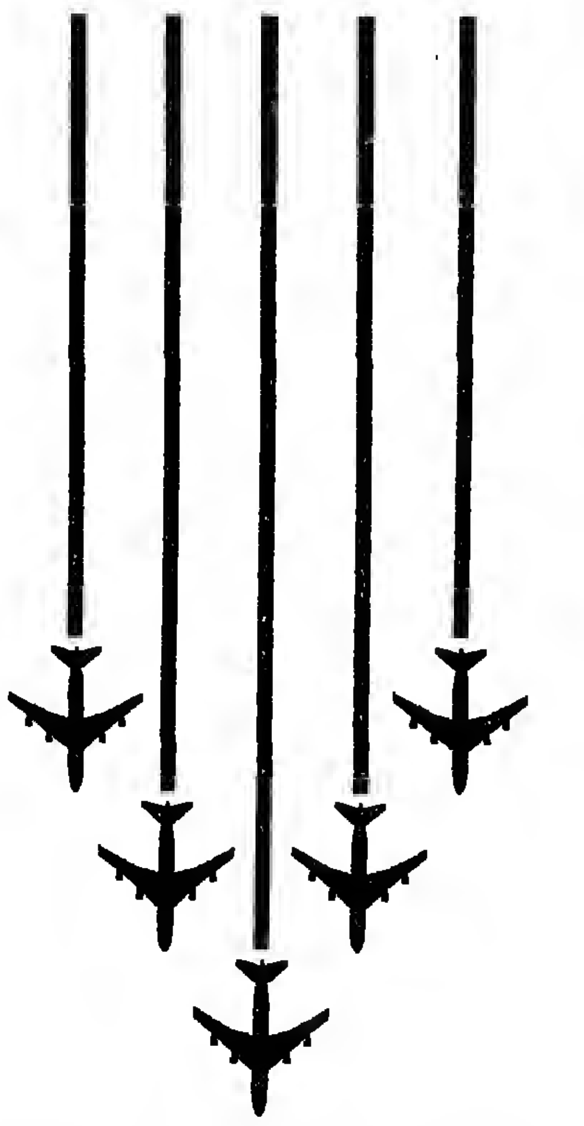
Most loyalty scbemes in Europe do not have that complication. They usually involve discounting and upgrading particularly in car rental and botels, or special check-in and other fringe benefits in the case of airlines. It is much more a pampering of frequent users than the bribing of them.

There is little such reticence in the U.S. I have before me a Republic Airlines invitation tosign on for a programme which is clearly labelled "perks" in large letters. With that scbeme you can win tbe use of a new car for a year. Join the Pan Am scbeme and after flying 100,000 miles you could be two free tickets to wherever you want to go in miles will take lwo people the world. With TWA, 175,000 round the world, first class.

Officially these schemes are confined to residents of the U.S. In fact many European travel agents will belp you register for a U.S. carriers scheme by providing you with an American address. Both British Airways and British Caledonlan have avoided frequent flier programmes in the UK but both are tled up with American carriers and UK residents can thus join through tbe back door (some programmes do not honour flights which originate in Enrope).

If you do join an American scheme, and take any benefits, you are required to declare them to the UK taxman, however.







# A tricky tightrope to walk

## Tips and bribes

ARTHUR SANDLES

AN AMERICAN business magazine recently pin-pointed the wbole problem in one picture. It showed a Western businessman sitting in the company of two Middle Easterners in full Arab dress. Caught for words our harassed sales person is stuttering (and I quote only from memory): "And by the way, bow are Fatima and the kids."

International conventions in social and business behaviour are a minefield and have not been lessened by the growth of Islamic fundamenlalism. But whether in the Middle East or the Far East, the Pacific or the deep south of the U.S. the business traveller is in a constant state of alarm—never patiog children's heads, never using bis left hand, never telting the soles of his feet face his companions, worrying about undertipping, overtipping, wondering whether where a little extra "commission" stops and a downright bribe starts.

It's not quite as bad as that, of course. As far as tipping is concerned you are quile likely to be given a quick course to correct procedure by the people involved. I have only two-week-old evidence of the San Francisco hotel bellman who unfolded a long lecture on how "We do things different bere" and "You Europeans think that service is always included." Needless to say the lecture came long before the man could bave known whether or not be was going to he lipped.

Even without the lecture, tipping these days, in the higger hotels It is becoming something of an ordeal. One man will wbisk your car away from you; anotber will lift your bags a few feet and waft you to the check-in desk; a third will actually take your bags to your room. If you are on ibe executive floor you will probably be escorted there by a bostess or an assistant manager and then be greeted by a floor concierge. Since you bave already dealt with the army of palms at the airport you can well arrive in your room financially embarrassed as well as exhausted.

I don't think I am alone in being thrown by the strength of the dollar. Only a couple of years ago it seems the dollar, at its value of around 50 UK pence, was a very handy tip. At 100 of those same pence (well, around 80 at the time of writing) it seems a bit excessive at times. This is a pity since a wad of single dollar bills is invaluable for the itinerant tipper.

The problem arises really in those unquantifiable areas of tipping, like bag carrying and car parking, wben you are in a new country. Otherwise the basic rule of 10-15 per cent, rounded upwards to tha nearest whole unit of the local currency is a generally acceptable level.

Thus a UK luncb bill of say £26.85 would attract a £30 settlement, and this would be more generous than it seems since you are in fact tipping on VAT as well.

Tips are simply a source of occasional amusement and embarrassment. The real problems arise over gifts and bribes. The line between the two is an extraordinarily difficult one to draw.

### Problem

Put yourself, for the moment, on the receiving end rather than tbe giving (and we are talking about simple courteous business gifts, not palm greasing). If a camera manufacturer with wbom you deal hands you a plastic pocket machine that has his brand name embossed all over it and can only take pictures on a clear day with everyone standing perfectly still, tben tbat clearly is just a token gift. To hand it back unsmiling saying that company policy is not to accept gifts is to be pompous and to risk causing offence.

But wbat if the camera is a top-of-the-range all-singing, all-dancing device that you know costs hundreds in the sbops back bome? Well, in your beart you know.

Again there is obviously a difference in the level of gift that, say, the chairman of tbe board would regard as a token, and that which a junior sales person might assess as such. When Mrs Thatcber gave away an Apricot computer in Indonesia recently it was obviously not a bribe, but in the unlikely even that she were to give me one, it almost certainly would be.

The sensible business traveller usually learns the rules of what can be a convoluted game. The small item of low value hut which is representative of your country and perhaps your product—the Italians are fortunate in being able to dispense soft leather wallets, for exampla. The Japanese wafer thin calculators —is ideal.

For a time I travelled with a store of Royal Wedding crowns. They were particularly useful as little thank you gifts for government officials in hoth tbe U.S. and USSR—both countries where almost anything banded to a government employee is regarded as a bribe.

Their real value was tiny, but their perceived value considerable. The thought of Di and Charles being treasured in the Crimea and the Carolinas cheers my royalist heart no end.

The basic rule for the heavier stuff in the way of gifts is to take local advice. Never plunge In with goodies until you bave sorted out the ethical and social Implications.

Usually you will he shown ways around the prohlem. Heavy gifts are out in much of the Western world, particularly in the wake of the Watergata affair. They have, to a large extent, been replaced by business entertaining. Thus the executive or official wbo would have to refuse a five dollar calculator will eagerly accept two tickets for a Placido Domingo first night and dinner afterwards for himself and his wife as part of a larger group—and exercise whicb would be immeasurably more expensive.

The key therefore is to find out what is acceptable, indeed desirable.

One of my early mentors in this business was a board member of Holiday Inns who told ma that wberever you were in the world there was always one person somewhere with whom you ended up in a back room somewhere negotiating. In some countries it meant a demand for money to changa hands (something whicb I am sure Holiday Inn never took part in) and in others it was more complicated.

### Bribery

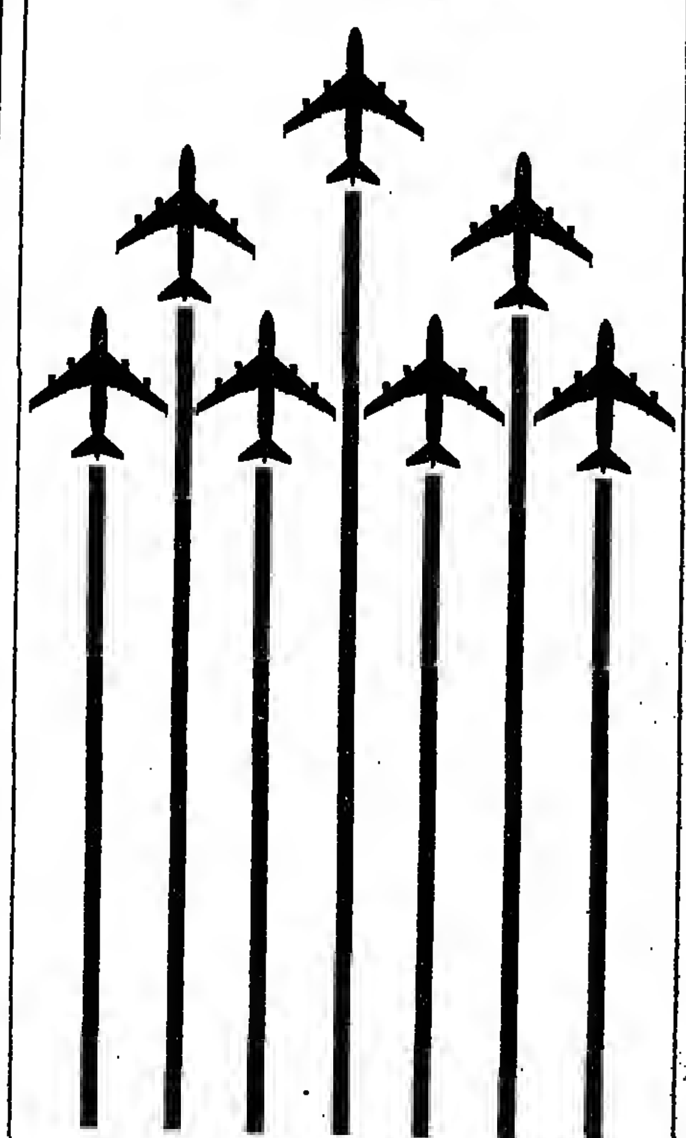
In Britain, for exampla, it might be that a hotel project migbt go ahead if a deal was done over new sports facilities for the locals. Not bribery, obviously . . . or is it just that the word bribe involves personal rather than civic gain.

Real bribery is far too tricky a subject for this writer to get involved in and one which any potential investor is likely to find extremely dangerous. If you feel you must bribe it is usually best to get advice from several sources, including an off-the-record hriefing from the embassy in the country concerned and (b) act through a third party so that when the detritus does hit the fan you have a tiny cover behind which to hide.

As has been observed by greatar minds in the past there is rarely a need to bribe journalists, given what they will do unbribed. Simply heing human to them is normally enough. I have rarely been offered real bribes for planting stories—usually to encourage the swift upward movement of a share price.

Once faced with such an offer I decided that my theoretical rate was a basic negotiating start of 20 times my annual salary, given that I would be fired, in not prosecuted, if discovered In fact I also realised that either ethics or fear would prevent such participation in any plot. Make sure your target is not in the same boat—blackmail might be a surer course.





# Services improve but price is still the key factor

## Choices in car rental

ARTHUR SANDLES

IF THERE were one field where the definition of the differences between the various becomes difficult it is car rental. It was probably here that the move away from pricing towards service started, and quantifying who it is that offers the greater quality of service is no easy task.

For car rental companies the business market is not just the bread and butter, it is a huge part nf the whole meal. The period of over-emphasis on price, therefore, was a disturbing one for all concerned. "But don't be misled," says Avis "We may be striving for better and better service, but price is still the final key."

It is particularly so, of course, in negotiations with the giant corporatinns for whom the saving of a few pounds per rental can add np to substantial sums at the end of each year. Some idea of the scale of such contracts can be gained from the fact that when Avis recently won the IBM account from one of the other "big four" in the UK, 600 cars had to be made available to the new company nvernight.

### 600,000 cars

There are around 75,000 rental cars in the UK (the French have 85,000, the West Germans 85,000 and the top dozen companies well over 600,000 between them) and the business travel sector is dominated by Swan National, Godfrey Davis/Europcar, Hertz and Avis with Kennings and Budget being the remaining majors. There is still a strong regional, local and specialist market (Guy Salmon, for example, with luxury cars).

All the rental companies have followed similar paths in their pursuit of the service element. Computers have proved a godsend to the major groups enabling them to shorten considerably the time spent in form-filling for regular customers, ensuring the cars are available and cutting down on the risks of human failure in what can be a very complex operation. Thank heavens the time when, "Sorry sir, we have no record of your request" was a regular feature nf international car rental seems largely to have passed.

The Godfrey Davis/Europcar super service card, for example, records the users' licence details and thus reduces the paperwork. It also means that bills come to the hirer in local currency, another enormous benefit against the old days when bills would arrive in dollars, yen, lire or pesetas and settling them was something of a chore.

The GD/Europcar card is not unique Hertz has its No 1 rapid system which logs not only driver detaila but also such factors as car preference. All the hirer has to do is to name the date and the place and the computer sorts out the car and the paper work. The secret of the Avis system is also contained in the magnetic strip on its Express credit card.

The computer is being turned to ever more aophisticated uses. Earlier this month, Hertz introduced a computerised routing system for businass users (almost simultaneously Avis did the same for holidaymakers). Under the Hertz scheme a renter in a city centre can be given a detailed print out with a route to hotels, conference centres, other town . . . a whola range of destinations.

First the customer is asked what language is to be used (there is a choice of seven): then the type of location sought (hotel or town, for example): then the specific place. After that the route is printed out. By the end of the month the system should be on line at more than 20 destinations in Europe.

Avis has tended to place a very strong emphasis on co-operation with airlines, aince business fliers are very beavy business renters. At its most sophisticated it can be seen on the UK British Airways super shuttle routes where customers can not only book their car on the flight but also be told exactly where it is in the car park when they arrive. Avis hopes to extend this service to other BA routes, to various European destinations, in the near future.

Godfrey Davis/Europcar, of course, has its extensive links with British Rail with free telephone links at 72 stations and the ability tn book a car on departure for delivery on arrival.

Speed and the greater use of the computer is not the only battle ground as far as service and tha car rental companies are concerned, however. Swan National appears to have stumbled across a major source of business and loyalty with its hotel packages. Under this scheme the user of a Swann National car also gets hotel accommodation. The price of the package is considerably less than would be the cost of purchasing the two separately.

### Comfort

Swan has done deals with such groups as Ladbroke, Queens Moat, Thistle, Crest, Stakis and Comfort. At its cheapest, £32.60 will get you a Vauxhall Nova for a day plus a night at a good basic hotel, with Continental breakfast. At the top of the range £85 gets you a Senator and a night in such locations as the Brighton Metropole or the Leeds Ladbroke Dragonara.

Let us not overlook price, however. Budget, as its name suggests, has long made price a major plank in its campaigns. Bndget is predominantly a franchise organisation and claims that this very grass roots basis gives it a local efficiency, and thus cost saving, with which the other internationals cannot compete.

None the less the overall theme in the business today remains value for money rather than "cheaper." It might perhaps be pointed out that not only the rental market is getting on a founder footing for tha rental organisations. Car rental companies are vehicle dealers as well as car renters. With nver 1m cars between them world-wide the rental companies are aware of the movements in the value of new and second-hand vehicles.

The rash of price-cutting that hit the car market a year or two ago caused chaos in car rental accounting because it suddenly devalued their fleets. Rental rates are based on an assumed residual value of the vehicle concerned. If that value dips by 5 per cent then the figures become a nonsense.

Rental companies are not necessarily bothered by a long-term lowering of vehicle prices. What tronbles them is volatility, and particularly sharp movements downward. At the moment there is a much greater steadiness about the used car business both in the U.S. and Europe, and thns fewer grey hairs in the car rental industry.

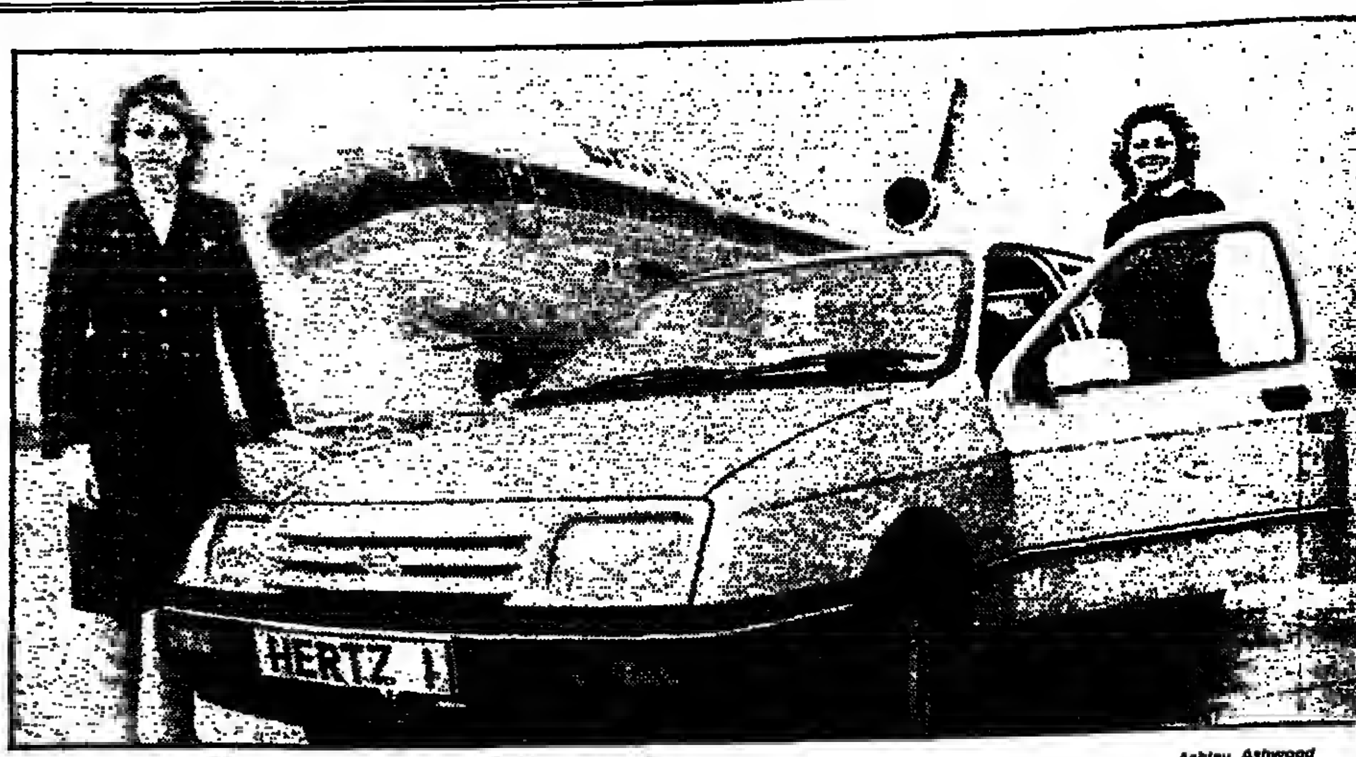
What the industry has yet to sort out is its relationship with travel agents. It is a constant complaint on both sides that neither is really interested in the other. The rental companies are bitter that agents are unwilling to fill up a form or two in nrder to get what in Europe can be substantial commissions. The agents complain that the rental companies frequently go over their heads by offering substantial discounts direct to business users.

In fact many users would be well advised to get competitive quotes not only from the car rental groups but also from travel agencies. Some of the chains and members of consortia are major purchasers of car rentals and can get a company a better rate, even with their own commissions built in.

If there is one cloud on the horizon at the moment it is the involvement of the rental companies in the U.S. with the airline freqnent flier programmes. The rental companies have linked in with the airlines simply tn encouraga brand loyalty and because everyone else was joining in.

In the event, an increasing slice of thair business is now being done at a beavy discount to frequent fliers. Some airlines require the rental companies also to pay them a fee for their participation.

It all smacks of the bad old days of giveaways (which cost the rental groups as much as a crippling 5 per cent of turnover at its peak) and the rental gronps of Europe must be delighted that the tax rules within the EEC tend to make such schemes difficult to run. The rental groups in the U.S. must be hoping that the IRS (Internal Revenue Service) will do what it has been threatening to do and also tax the freqnent flier benefits.




Ashley Ashwood

Under a special arrangement with Hertz, British Caledonian Airways offer free car rental to domestic passengers as part of their Business Travel service. Round trip passengers between London-Gatwick and Manchester, Glasgow and Edinburgh can be provided with a Hertz Ford Fiesta rental car for 24 hours, with 100 free miles. The Hertz Ford Sierra in the picture is available for a £5 surcharge

Left: increasing use is being made of credit cards when paying for hiring a car, in this case Avis

# How travelling executives can avoid money traps

## The benefits of 'plastic money'

DAVID CHURCHILL

THE QUESTION of money looms large for the business traveller. Although he or she is generally spending someone else's money (the company's) this fact means that the business traveller has to take special care ot ensure that his/her transactions are accountable and that the best financial deal is obtained.

Moreover, the business traveller is likely to get into situations—unlike the ordinary tourist—where he needs large amounts of money immediately, to help, for example, in clinching a deal.

A survey carried out recently by American Express found that while 80 per cent of companies claim control of business costs as one of their top priorities, very few of them actually operated realistic or effective policies about business travel and entertainment.

American Express estimates that some 2.6m business executives travel on behalf of British-ba-.-: companies each year, spending some £13bn on travel, subsistence and entertainment.

### Tricky world

Some large companies are now fairly sophisticated in educating their travelling executives in the money traps to be avoided abroad—but many other companies provide no such help preferring to believe that an intelligent executive can work it all nut for him or herself. Unfortunately, more often than not, the business traveller finds himself caught out in the tricky world of currency deals and fluctuating exchange rates.

Such questions as whether particular travellers' cheques or credit cards will ba accepted in a particular country are among the points which still vex many a travelling businessman.

It is hard to imagine a business traveller who does not have at least one credit or charge card—even if this is a company card rather than a personal possession. In fact, some travel industry estimates suggest that as many as two-thirds of all hotel and major city restaurants business is done through "plastic" money.

In the U.S., especially, many hotels are poorly equipped to deal with the cash-paying customer and prefer you to pay by credit or charge card.

Credit and charge cards have a number of advantages for the travelling businessman. They are widely accepted, relatively easy to use, and much safer to carry than cash. Business travellers are obviously prime targets for theft and muggings in some foreign capitals.

Moreover, in a number of countries the national government prefers the use of credit cards by visitors, especially if the countries concerned have strict currency regulations. Credit cards avoid the trade in notes which all authorities find it extremely difficult to police.

Credit and charge cards also provide an instant record of a businessman's travelling expenses to help in his reckoning up with the company accountant on his return.

But plastic cards also have some strictly financial advantages as well. For example, users are not generally charged any commission on the currency swop. In addition the rate at which sterling is converted into foreign currency is usually more favourable than that available at banks or bureaux de change. And, of course, there is usually considerable delay in settling your account.

However, there are some financial drawbacks as well. There is the risk, for example, of the exchange rate moving against you between the date of purchase and the day the transaction is processed by the credit company involved. The maximum period of free credit for purchases made in the UK is usually 50 days, but up to four months' free credit is not unusual on foreign sales.

This is because the credit card companies argue that the extended period of free credit on overseas transactions tend to balance out the vagaries of the foreign exchange markets.

Internationally, the credit card business is carved up between Visa International and Mastercard. Both the Trustee Savings Bank and Barclays are linked in with Visa through Trustcard and Barclaycard, respectively, while the Access operation (jointly owned by National Westminster, Midland, and Lloyds) is linked to Mastercard.

This gives holders of this conventional credit cards access to millions of outlets worldwide —Visa alone, for example, has over 4m retail outlets in more than 160 countries around the world.

There are also additional types of credit card of use to tha travelling businessman. Barclays, for example, has a premier card intended for high earners (over at least £20,000 a year) who spend relatively large sums on travel and in hotels and restaurants.

### Advantages

Among the benefits of this type of card are cash advances of up to £250 a day in local currency from any of the 140,000 banks abroad displaying the Visa sign. There is a service charge of 1.5 per cent on each cash advance.

In an emergency, special arrangements can be made for the Premier cardholder to purchase, at one hour's notice, up to £1,000 in travellers' cheques from the Heathrow branch of the bank against a Barclays UK cheque and passport identification.

Moreover, in most countries abroad up to $5,000 in local currency can be made available quickly through the Visa network. In such an emergency, Visa will also forward a brief message to the cardholder's family nr company free of charge.

Cards such as American Express and Diners Club ara not credit cards in the accepted sense but charge cards since, in theory, there is no credit limit on transactions. All bills have to be paid off at the end of the month, however.

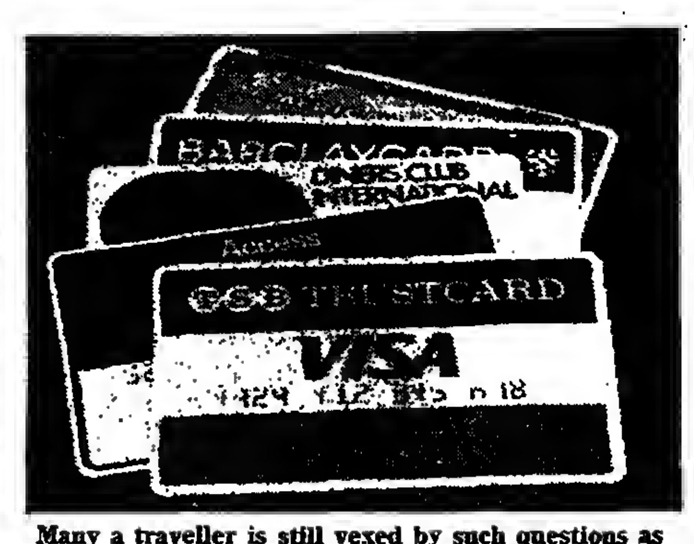
The main advantage of using charge cards is their lack of a credit limit—which gives the business traveller access to large amounts of credit—although cardholders who suddenly start charging heavily may find themselves subject tn a proof of identity check. This is because any radical shift in the cardholder's spending pattern triggers suspicion that the card had been stolen.

Although credit and charge cards are an essential part of the travelling businessman's "armoury," there is still room for other types of money, especially travellers' cheques.

While credit cards are widely used in big cities, they might not prove so readily acceptable in provincial areas—even in developed countries. Obviously, tha further away from major European and North American countries you travel, the less likely you are to be able to use credit or charge cards as much as you would like.

The problem with travellers' cheqnes is that you tie up a large sum of cash, get relatively poor foreign exchange rates, and pay commission. The advantage is that, in the case of loss, a refund will usually be automatic.

The travelling businessman will also need some currency in the denomination of the country he is visiting—especially to pay for tips and taxis. There is a number of commercial schemes available to buy a "starter pack" of currency and coins for particular countries to simplify the first hurdle on arrival of getting from the airport to the hotel.




Many a traveller is still vexed by such questions as which credit cards or travellers' cheques are acceptable in various countries

**UK international business traveller movements**

| Year | Foreign residents' visits to the UK: Business visits (m) | Change on previous year (%) | Proportion of total visits (%) | UK residents' visits overseas: Business visits (m) | Change on previous year (%) | Proportion of total visits (%) |
|---|---|---|---|---|---|---|
| 1970 | 1.21 | 9.9 | 19.0 | 1.23 | 4.3 | 14.5 |
| 1971 | 1.38 | 14.3 | 19.3 | 1.23 | 0.2 | 13.0 |
| 1972 | 1.46 | 5.8 | 19.5 | 1.40 | 13.3 | 13.1 |
| 1973 | 1.61 | 10.2 | 19.7 | 1.69 | 20.9 | 14.4 |
| 1974 | 1.81 | 12.4 | 21.2 | 1.77 | 4.9 | 16.4 |
| 1975 | 1.78 | − 1.9 | 19.7 | 1.81 | 1.9 | 15.1 |
| 1976 | 1.93 | 9.9 | 17.9 | 2.05 | 13.7 | 17.9 |
| 1977 | 2.14 | 10.8 | 17.4 | 2.15 | 4.9 | 18.7 |
| 1978 | 2.30 | 7.1 | 18.1 | 2.26 | 5.0 | 16.9 |
| 1979 | 2.40 | 4.4 | 19.2 | 2.54 | 12.4 | 19.4 |
| 1980 | 2.57 | 7.1 | 20.6 | 2.69 | 5.8 | 15.4 |
| 1981 | 2.45 | − 4.4 | 21.4 | 2.74 | 1.9 | 14.3 |
| 1982 | 2.39 | − 2.4 | 20.9 | 2.77 | 1.9 | 13.4 |
| 1983 | 2.57 | 7.6 | 20.6 | 2.97 | 3.8 | 13.7 |
| Av change (% pa) | 6.00 | | | 6.70 | | |

Source: International Passenger Survey, Department of Trade and Industry, published in Business Monitor M6.

## 24-hour Mayday service

**Europ Assistance coming to the aid of a patient being *flown in for medical* attention. The SOS service offered by the organisation is now a major international enterprise and last year *responded* to *110,000* " Mayday " calls for help. Europ Assistance provides a 24-hour service through its multi-lingual staff**

# A multi-million pound business for people on the move

## Insurance

MOSS MURRAY

BUSINESS TRAVEL insurance has become a multi-million pound industry with 3m overseas business journeys being undertaken each year by UK residents. An estimated 60 per cent of all passengers on short haul scheduled flights to Europe are business travellers, while 50 per cent of British Airways' revenue comes from the business sector.

The need for company executives to have the correct travel insurance has become paramount. An increasing number of companies offer policies aimed specifically at businessmen who travel frequently, including cover for those who may have to travel abroad for as long as three months at a time.

The TravelCover Plus policy of Cornhill *Insurance* provides for up to £250,000 medical expenses anywhere in the world. It does not exclude existing physical defects unless the policyholder is travelling against the advice of a doctor, or in order to obtain medical treatment.

The policy also links the businessman with access to Assistance International, a 24-hour English-speaking *service* geared to answer any SOS during a medical emergency, as well as cover for lost baggage, cancelled planes or delayed transport.

This particular policy promises up to £6,000 for cancellation or curtailment of travel plans, up to £2,000 for loss of baggage including money, and up to £3,000 for extra costs incurred by transport delays due to bad weather, strikes or breakdowns.

As for cost, a businessman or woman going on a month-long trip to Europe could receive full cover for just £33. A shorter trip of eight days or less would cost £16.

New from Accident & General is a tailor-made policy that provides blanket cover for those executives who travel only occasionally, and not just for directors who are constantly visiting overseas destinations.

### Medical service

As well as including travel let-downs, delays, baggage loss, there is a 24-hour emergency medical service from Mediguard.

From the Travellers Insurance Association has come a comprehensive insurance package for business travellers with only two alternative premiums — either £100 for travelling within Europe, or £150 worldwide — irrespective of the *number of trips made*. The pack includes cover for luggage, money, medical expenses, cancellation and curtailment charges, personal accident benefits, departure delays and personal liability.

Whatever insurance is being taken *out, whether* by *an* individual or a company, it is essential to check the compensation paid on different sections of a policy and any excess payable by the insured.

The obvious advantage of yearly insurance to the frequent traveller is that he does not have to worry each time he goes abroad. The Guardian Royal Exchange policy can cover travelling on business in the UK involving air travel, or wherever there is an overnight stay away from home.

GRE has extended its business travel policy to include travellers' samples under the luggage section and the single article limit is raised to £250. Under their money section the cash limit, as part of the money sum insured, is now £500 and the personal liability clause has been amended from £250,000 to £500,000.

Mr George Gardner, GRE's business travel underwriter, warns businessmen against forgetting, or deliberately ignoring the need for travel insurance. He says: " It is essential. Almost every company executive would find it embarrassing to have to *meet a large medical bill from* their own resources.

The GRE is prepared to discount the premium when large numbers are being covered. The yearly premium for one person would be £159, but for 10 it could come down to £1,431, and for 50 the cost to a company could be £5,565, a potential saving of around £2,500. The cover offered is flexible and can either be comprehensive or selective. Holidays can also be included provided they are ancillary to the business journey.

### Less lavish

Slightly less lavish in scale, but suitable for the majority of business travellers, is the scheme from Executive Travel Insurance, a company recommended by both the RAC and the Association of British Travel Agents.

With premiums frozen for the third year running they are offering protection for spouses and two children at a cost of £30 for up to three trips in any one year, although no stay abroad may be for more than three months. The policyholder can make unlimited journeys.

This is quite a bargain, as many two-week European summer holiday insurances can cost £35 for a family of four. Features include medical expenses totalling £100,000 worldwide, lost baggage compensation up to *£1,000* and a " new for old " replacement of any items less than two years old, delayed baggage compensation of £100, cancellation costs up to £750 and transport disruption up to £500.

Because executives on business trips, particularly in Europe, are increasingly travelling by car, the SOS service offered by Europ Assistance has blossomed during the last decade into a major international enterprise. Last year 110,000 people issued their own " *Mayday* " calls for help to the organisation which offers comprehensive medical, motoring and personal travel insurance cover both short and long term for businessmen and holidaymakers.

As members of Medastra, the recently formed Medical Assistance Companies Trade Association, together with GESA and Trans-Care International, Europ Assistance offers a 24 hours a day service every day of the year through its multi-lingual staff.

A single call to its headquarters at Europ Assistance House, Croydon, will, it claims, lead to instant action from its network, including doctors, hospitals, garages and travel organisations, who will arrange and provide whatever aid is needed, including the payment of doctors' and hospital bills. If necessary, an injured or sick *person is brought* home by air ambulance.

In January Europ Assistance received a call from Rolls-Royce that one of their employees was in Michelin Clinic, Port Harcourt, Nigeria, suffering from a fractured pelvis. They wanted him brought home. *Two* days later Europ Assistance had him flown back to the UK on a Swissair Lear jet 35 accompanied by a Swiss doctor and nurse. On arival in Glasgow they took him to the Victoria Hospital, Kirkcaldy. Costs incurred in that repatriation totalled £19,500.

Europ Assistance's latest innovation is a service called FleetAssist to cater for companies operating fleets of cars and light vans throughout Britain. In addition, arrangements can be made for fleet vehicles to be covered at a discount rate when taken to the Continent.

### Expenses

For those who regularly hire a car while overseas, their annual policy includes a valuable extra section—Foreign Motoring Emergency Service. This covers most expenses incurred as a result of a vehicle, whether hired or owned, breaking down, including overnight accommodation, extra transport, repatriation of the vehicle once repaired, towing charges, customs duty etc.

A similar *organisation* is GESA Assistance, with offices in London's New Bridge Street. They insure at least 20m worldwide. Their service, which has been built up during the last 25 years, also operates round the clock, from 17 offices in Europe, North and South America, Africa and Asia. In 135 countries they have a network of doctors and correspondents — 4,500 in total.

Mr Stuart Packington, general manager of GESA, says: " The entire network is just a phone call away in any medical, motoring or personal emergency, with reverse charges being encouraged whenever possible. Everything needed is then co-ordinated from London. Anyone insured should not need to pay a single cent. We guarantee to pay all hospital bills or doctor's fees incurred abroad."

Centurion Assistance, however, is only available to American Express cardholders, but it offers, possibly, the least expensive policy of all. A premium of just £75 provides not only travel assistance and insurance benefits all year round outside the UK, and help in the event of accident, sudden illness or car breakdown, but a personal medical scheme which *will bring doctors, nurses and* the latest medical facilities to cardholders and cover expenses up to £75,000.

*The* policy *includes* the emergency vehicle assistance option covering roadside callout fees, hotel accommodation and the cost of returning the cardmember's vehicle to the UK as well as up to £2,000 for journey reimbursement, luggage loss up to £1,000, personal money loss of £500 and personal liability cover up to £500,000.

Today's business traveller sadly has to be aware of one other type of emergency which requires insurance cover—hijacking.

*Increasingly*, companies are offering this protection. Pickford's business travel policy, available through all 212 of their travel shops throughout Britain, offers £1,000 per person per journey in the event of a traveller's aircraft being hijacked, while cover from the Guardian Royal Exchange is for £100 for each day, or part of a day, that the insured person is prevented from reaching his or her destination " through hijack of the conveying aircraft." Maximum benefit is £2,000.

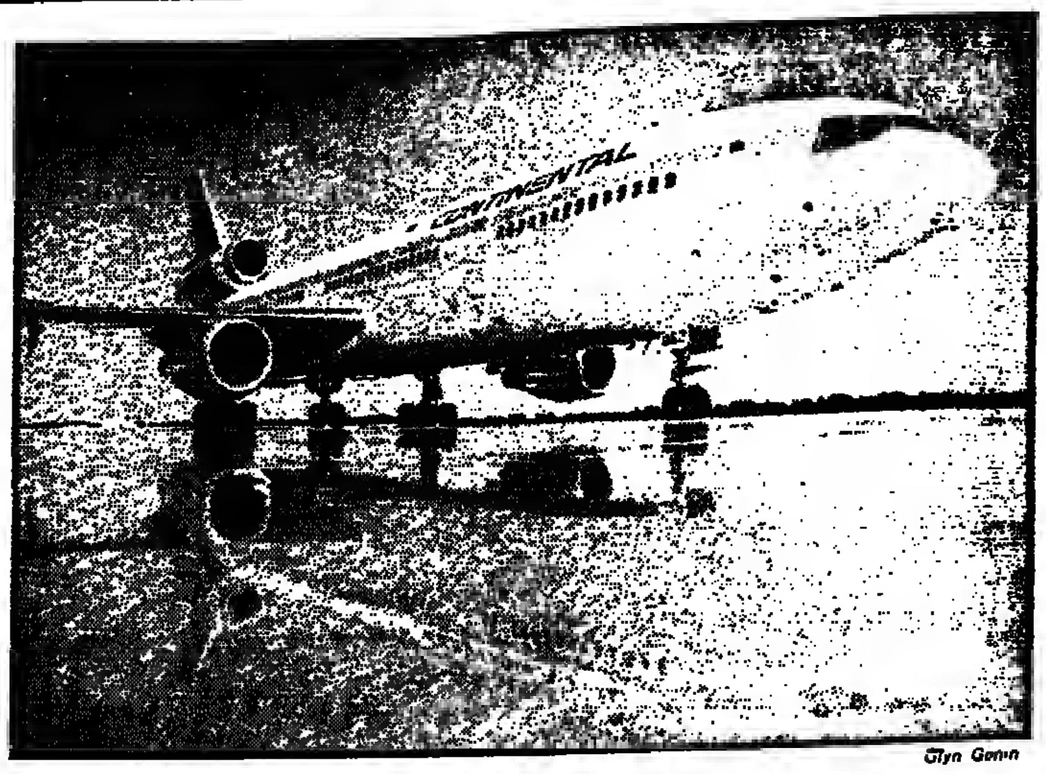
A final necessity is the need to read the small print and make sure there is no clause in the policy making it invalid for just that area in which the executive is working or travelling. It takes ten minutes to *check a policy. Because it can* save tens of thousands of pounds, it will be time well spent.

# Business Travel 8

◄ LEFT

The world's first computerised databank of worldwide airlines, air charter companies, helicopter and air taxi operators involved in private air charter is being operated by air charter brokers Air London at Gatwick airport. The computer stores details of more than 3,500 operators flying more than 350 types of aircraft including helicopters.

Ashley Ashwood



RIGHT ►

A McDonnell Douglas DC-10 series 30 of Continental Airlines which next week starts flights between Houston and Gatwick aimed particularly at business travellers

Glyn Genin

# Airlines pay more attention to a lucrative sector

## Air travel

MICHAEL DONNE

*Aerospace Correspondent*

THROUGHOUT the world, competition among the airlines for that most prized possession, the business traveller, has escalated over the past few years, so that today it has become almost a cut-throat affair, with even minor improvements in standards of comfort and service being offered and advertised as major "breakthroughs."

It took the economic recession to convince many of the world's airlines that the business traveller, although even he or she was travelling less frequently, was still the foundation of their economic wellbeing, especially on long distance routes.

Business travel, which some carriers had virtually taken for granted as "always being there" during the halcyon pre-recession days of burgeoning tourist and other leisure traffic, found itself being wooed as never before.

Earlier complaints that business travellers had been neglected—especially when it came to fares-fixing policies, with businessmen riding in the same cabins as cheaper-fare holidaymakers—took on a new meaning, and airlines began to pay them much more attention.

The concept of the "three-class" aircraft, encompassing first-class, business class and economy class, became all-important and progressively airlines converted from the former two-class concept (first and economy) to cater for the increasingly vocal business travellers who found a new power at their command—the ability to achieve changes in airline attitudes.

Some airlines, even today, try to deny that there has been any change at all in their attitudes: they maintain stoutly that they have always catered for the business traveller. The latter knows better and there is hardly any business traveller who will not immediately confirm that conditions today for him or her are far better than they were even as recently as the late 1970s and early 1980s.

They are consistently improving, as the airlines vie with each other for the lucrative custom that the business travellers provide.

The precise statistics for the volume of business travel on airlines vary widely, and they are often never published at all, being regarded as commercial secrets that no airline wants its rivals to have. But, in broad terms, the average is about 40 per cent for business travel and the rest leisure or other types of discretionary travel. The ratios will also vary widely according to routes.

Airlines which are predominantly "holiday" charter operators will either never carry businessmen (except those going on holiday), or carry a very few who are combining business with pleasure and use the charter flights as convenient.

British Airways, for example, finds that on its northern European routes, its traffic is predominantly business orientated, although this pattern is changing as more leisure traffic moves to those destinations. On southern European routes, to the Mediterranean, however, the preponderance is for leisure traffic, although here, too, there is a significant proportion of business travellers.

The pattern varies also according to time of year. Southern European routes will carry fewer holiday travellers outside the summer months when the attractions of the Mediterranean are at their peak, while in the northern European region winter ski and other holidaymakers can provide a heavy volume of business.

Yet another change in the pattern that appears to be on the way is the growing pressure from some independent airlines who have in the past gained all, or most, of their business from holiday traffic, to be granted rights to sell up to 50 per cent of the seats on their flights for business and other travellers who do not want the full "inclusive package tour" arrangement of hotel and bus travel thrown in.

### Logic

The logic of this is that many of the holiday airlines fly to destinations that are not served directly (especially from the UK) by scheduled airlines, and that there are many travellers, including some businessmen, who would welcome the chance of seat-only flights to those places.

If this plan currently proposed by British Island Airways and Orion Airways for flights into Spain and Portugal from Heathrow) is approved, it could open the floodgates for a wide range of similar proposals from other operators to other places, and take traffic from the scheduled airlines.

British Airways opposes these plans. It argues that if approved, they would effectively create the equivalent of additional scheduled services (with all that means for business travellers) especially out of Heathrow, with a large availability of seats.

For the business traveller, however, who may be looking for a seat to a place not otherwise directly served from the UK, it could be a useful addition to his travel plans.

Whether such plans come to fruition or not, the fact remains that as a whole, the scheduled airlines welcome business traffic, for the higher fares those travellers pay can generate much of the income that the extensively-discounted holiday traffic does not provide.

The encouragements airlines offer vary widely, from bigger, more comfortable seats (the most widely offered and most popular inducement of all), with increased leg room. This often involves the airlines fitting business-class cabins with seats of a standard originally reserved for first-class passengers.

The separate business-cabin itself is also a comparatively recent innovation, that became essential as more and more business travellers objected to being cooped up at their higher fares with the cheaper-rated leisure traffic.

### Hassle disliked

The more lavish means (again, frequently now of a standard once reserved only for first-class travellers), and the specialised fast check-in facilities that some airlines also offer are undeniable inducements that many business travellers like.

The reason, of course, is that the businessman does not like hassle. The very fact of having to make a business trip has already cost some considerable reorganisation of a traveller's life-style, especially a rearrangement of family commitments.

Some may like that sort of thing; the majority of business travellers do not. They want the smoothest, most comfortable, trouble and hassle-free journey they can get, at the most reasonable price. The airlines that recognise that, and act upon the knowledge, can win significant victories in travellers' loyalties.

It is this thinking that is behind the spate of glossy, coloured advertisements appearing in business magazines and newspapers, competing for those precious higher fares that make all the difference to airline balance sheets.

It is the fundamental reason for airlines going out of their way to offer improved seating in their business cabins, with wider seats, fewer seats abreast and greater leg-room, and ensuring that those banes of business travellers' lives—raucous, holiday-making families, are excluded from those cabins.

After allowing for the primary desire of all air travellers—for on time, safe and reliable air transport—those three factors—comfort, standards of in-flight service and improved facilities on the ground—are the most important.

Business travellers tend to be conservative in their habits: contrary to the views expressed by some airlines, they do not really like to "shop around" too much for their travel, even though they can be acutely price conscious. It has to be a substantial difference in quality between one airline and another to woo a business traveller away from the airline of his or her first choice.

Business travellers tend to prefer dealing with one particular airline—and that is often not necessarily the flag airline of his or her own country. Such travellers like the feeling of knowing how a particular airline operates, of what to expect both on the ground and in the air, the feeling of being "at home" with the way it treats them. The airlina that can win that kind of brand loyalty has won a major victory.

### Complaints

There is no snobbery in this, despite some criticism of the attitudes that have been made in travel and other journals. The business traveller is doing a job; he or she is paying a higher fare, and is entitled to demand higher comfort and privacy, even seclusion, in return.

Whether airlines are even aware of the loss of potential business they incur for failing to recognise, and abide by, those rules, is impossible to gauge. But it is a fact that every business traveller has his or her own tale of some ghastly journey with one airline or another as a result of which they avoid that airline thereafter.

Ill-mannered cabin staff, or more customarily, ground staff, can make or break in five minutes an advertising campaign that has cost an airline many thousands of pounds and months of preparation, and yet there are still airlines that do not appear to understand the significance of the fact.

One of the most frequent complaints by business travellers about airlines covers the whole arena of ground handling. Much money, time and attention is spent upon improving the air segment, but the total journey includes time and handling on the ground at the start and finish of that journey.

Both ends are important, but increasingly the handling at destination (which, also, can be the start of the return journey) is important, but so often the airlines forget it.

After a comfortable, efficient flight, too often the business passenger is ejected into a strange and unwelcoming environment, perhaps late at night, with little or no assistance in coping with the situation. Airlines that spend a great deal of time and money on catering for that situation with holiday (and especially package tour) travellers, appear to forget that the business traveller can often also need similar facilities, even if it is only an airline staff officer to give immediate advance on currency exchange, taxis, hotel availability, and so on.

It is easy to dismiss this, as many airlines do, with the claim that it is not their affair, but that of the airport or some other provider of facilities. Perhaps, in truth, it is not their affair, but those airlines that take the trouble to make it their business can win friends and future air fares.

Equally, the provision of translation services, use of offices, secretaries, telephones, for *bona fide* business travellers can often make the difference between losing a customer or retaining one.

The essence of the situation is that, on virtually all air routes, short-haul and long-haul, there is always more than one airline competing for business, and on some routes (the UK-U.S. route is a good example) there can be many carriers fighting for what is a limited slice of the overall business travel budget.

The airlines' objective must be to capture, and retain, as many business travellers as they can, from a growing but also increasingly critical fraternity that recognises its market power, and is unhesitating in using it.



# Market for link services

## Regional air routes

LYNTON McLAIN

SMALLER AIRLINES, and some of the bigger ones too, have been setting up new services in recent years to cater for a hitherto neglected category of business traveller—those living away from capital cities who do not necessarily want to spend several hours travelling to major airports before beginning their journeys.

Formal support and encouragement for smaller airlines, operating small aircraft to start air services on these routes between small towns and cities away from the main hubs of air transport came with the European Economic Community Council directive of July 25 1983 on "scheduled inter-regional air services" between member states. The broad aim of the council directive was to help develop air transport markets to contribute to the development of some of the more remote regions of member states.

The EEC laid down certain criteria for airlines wishing to start inter-regional services. These include a maximum aircraft capacity of 70 passengers or 30 tonnes take-off weight to be flown over distances of 400 kilometres, or over stages of less than 400 km where natural obstacles and the sea cross a proposed route.

These cross-border inter-regional services are to operate to and from "category 2 and 3" airports, the smaller regional airports, away from capitals and main provincial centres.

One of the typical new services that has sprung up is the service between Southend, on the Essex coast and Jutland in north Denmark. This is operated by the Danish Maersk airline.

Another newcomer in the UK is Euro Executive Commuter Airways. The airline has applied to the UK Civil Aviation Authority for a licence to start services from Stansted Airport, Essex to Rotterdam, Hanover, Cologne and Luxembourg. The new airlina would offer schedulad passenger flights to business travellers.

### Strong market

Mr Don McKenzie, the managing director of EEC Airways says he sees a "strong market" in serving these destinations on continental Europe from Stansted, whatever the outcome of the Government's consideration of the future of Stansted as the possible future third major airport for London.

The airline plans to buy three 19-seat twin-turboprop aircraft, either the Metro III, from the U.S., or the British Aerospace Jetstream 31. The fares on EEC Airways would be £76 single from Stansted to Cologne and £66 single to Rotterdam.

The airline has set itself a target of carrying 100,000 passengers a year in its first year of operations. A successful application to the CAA would lead to EEC Airways creating between 35 and 40 staff at Stansted, with all the staff having shares in the company, along the same lines as in People's Express.

Air UK already operates scheduled passenger flights from Stansted, to Paris, Brussels and Amsterdam and carries over 30,000 passengers a year. The airline has applied to start services to Frankfurt and Dusseldorf.

Scandinavian Airlines set up its EuroLink services for commuters last year. The services were inaugurated on December 17, using 40-seat Dutch Fokker F-27 airliners. The airline's DC-9s, of 75-seat and 110-seats, were too large to operate regional markets economically.

Tha services started between Copenhagen and Hamburg, with six flights a day; between Copenhagen and Kristiansand four times a day; between Gothenburg and Oslo six times a day and between Oslo and Haugsund four times a day. The airline intends to provide at least double the daily frequencies on those routes where the F-27 replaces the DC-9.

Where the local regional markets are too small to support non-stop flights, SAS EuroLink will increase the number of link services to and from the main gateway airports. The airline has set up a commuter operations department, which is required to make a profit in its own right, to run EuroLink with a staff of 90.

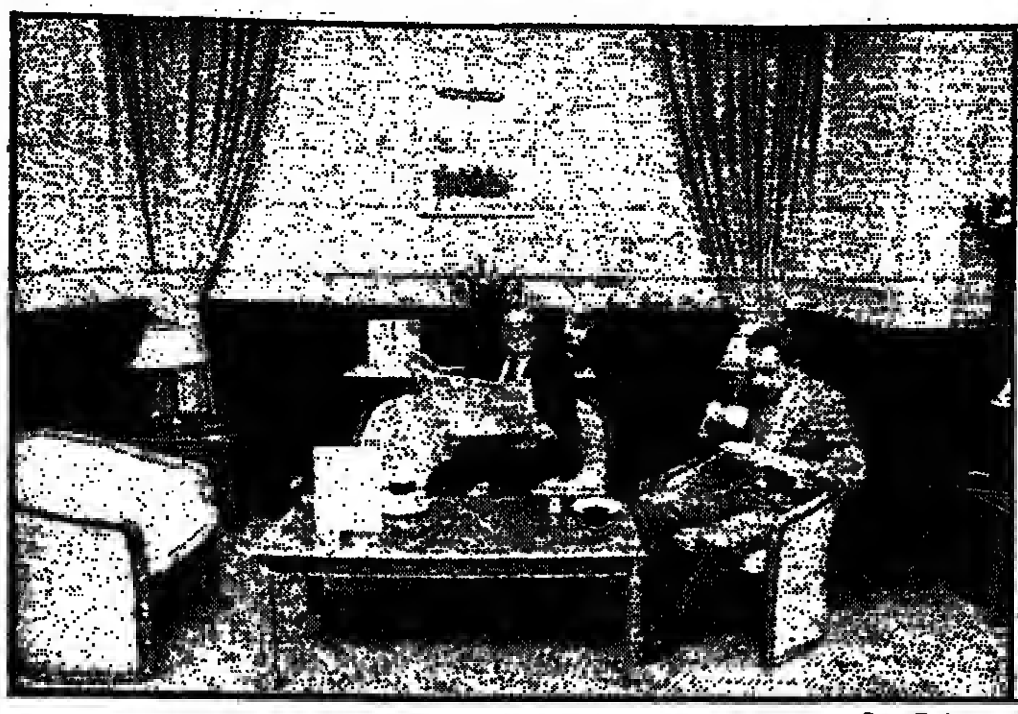
In the UK, Metropolitan Airways has been operating its Link City service between smaller towns and cities on a franchisa arrangement with Dan-Air for the past two years. This arrangement is to be terminated this month and Metropolitan Airways will operate the routes completely independently of Dan-Air.

### Day returns

Metropolitan Airways operates services linking its base at Bournemouth-Hurn Airport with Birmingham, Bristol, Cardiff, Glasgow, Leeds/Bradford, Manchester and Newcastle. The top single fare is £88 between Bournemouth and Glasgow.

The airline uses Shorts SD-30 aircraft, with seats for 30 passengers and offers day return tickets over most of its network.

Another new UK airline, London European Airways, has taken delivery of a former British Air Ferries Viscount 800 four turboprop engine airliner. The aircraft is to be used on the airline's recently awarded route linking Luton Airport with Schiphol Airport, Amsterdam, providing passengers with a new link to one of continental Europe's main international gateway airports. The airline offers a service twice daily.



*Roger Taylor*

**The Pullman Lounge for first class Inter-City passengers at Kings Cross station; centre: travelling in the Executive Saloon and, far right, more comfort by High Speed Train for first class travellers**

# Railways raise the comfort level of executives

**Rail services**

PHILLIP HASTING

RAILWAYS HAVE for many years generally lagged well behind company cars and aircraft as the favoured mode of transport for business travellers.

Within the UK and much of Europe, for example, the large-scale development of motorways and air services over the last two decades bas encouraged a large percentage of the business travel brigade to desert the railways which had until even 25 years ago often provided the most popular option for long-distance travel.

There are, however, definite signs that the transport wheel may be starting to turn full circle in some areas, notably in the UK, with increasingly serious efforts being made to bring rail back into fashion as a means of business travel.

Only last month, for example, British Rail revealed more details about a whole range of developments designed to step up its recently formulated campaign to ettract more business travellers on to Inter-City services — at present, business travel is reckoned to eccount for 35-40 per cent of Inter-City's annual £465m turnover.

Included in last month's developments was the opening at King's Cross station, London of a new luxury lounge for first-class Inter-City pasengers, the first of a series of such facilities to be opened at leading British stations. Others are due to be opened this year at London Euston, Liverpool Lime Street, Manchester Piccadilly, Edinburgh, Newcastle and Leeds.

Developed jointly with American Express, the Inter-City Pullman Lounge, as the new King's Cross facility is labelled, has seating for up to 25 people, offers ligbt refreshments throughout the day, a bar service during licensing bours and complimentary tea and coffee at all times.

Other features include Teletext, Oracle and Prestel Information, portable pay phones, photocopier, and hotel reservation/car hire facilities. Access to the new lounge, which in addition to providing a rest and refreshment point is also designed to create a suitable environment for brief business meetings, which will be restricted to passengers with full fare first-class tickets or executive tickest who also possess an AMEX card of a British Rail Travel Key card.

Tbe latter, launched in 1983, is BR's own charge card for frequent business travellers. It offers a variety of special benefits to the individually identified user, including a 5 per cent discount off all rail travel purchased with the card; 10 per cent discounts from hotel groups, a 15 per cent discount from Godfrey Davis car hire; 10 per cent discount on full restaurant car meals bought from Travellers Fare and a 25 per cent discount on sleeper supplements.

## Newsletter

Other benefits planned for the future include guaranteed spaces in BR car parks and a regular newsletter to keep cardholders up to date with new facilities and services being introduced by BR for business travellers.

Offered only to people travelling for a company or a partnership, Travel Key makes an annual charge of £12.50 per card for one to five cards, coming down to £7.50 per card for six or more.

The steady development of the Travel Key scheme and the opening last month of the Inter-City Pullman Lounge at King's Cross are in fact just two of the more obvious signs of BR's new enthusiasm for attracting business travellers. The opening of the luxury lounge, for instance, is said by BR to herald the start of a "new era for Pullman services" in Britain. Backing up this claim, BR is planning to expand substantially the present Pullman services which involve twice-daily trains in each direction between London and Manchester.

From May 13, this operation will be extended to ten trains a day between London Euston and Manchester Piccadilly, Monday to Friday, with a morning and evening service also calling at Stoke-on-Trent. Two new Pullman services are to be introduced from the same date, the Merseyside Pullman and the Yorkshire Pullman.

The former will consist of four trains a day between London Euston and Liverpool Lime Street and the latter a departure eech weekday morning from Leeds and evening return from King's Cross, with an additional leg to Bradford.

During tbe summer, new services on the West Coast main line will be equipped with new Pullman carriages. For the first time on Pullman trains, coin box telephones will be evailable to passengers travelling on those routes.

In addition, Inter-City is spending some £12m over the next 18 months in a major refurbishment of over 400 passenger coaches. All the refurbished coaches will be air-conditioned, with first-class accommodation featuring a subdued pink decor and second-class a red-dominated colour scheme.

Apart from new fscilities and services, BR also offers a number of ticket deals of particular interest to business travellers.

Included in this category is the InterCity Executive ticket, an all-in-one package covering first-class return travel, Monday to Friday for outward journeys and reserved seat; Travellers Fare vouchers to the value of £7; 24 hours free car parking at Stevenage, Luton and Reading; and a voucher offering 10 per cent discount on Godfrey Davis car hire. Tickets have to be bought in advance, not later than 1600 bours the day before departure.

Elsewhere in Europe, other railway organisations are also stepping up their efforts to win more business travel customers with improved services, better facilities and special deals.

## Restructuring

Deutsche Bundesbahn (German Federal Railway), for example, is restructuring its bourly four-route InterCity network and from June will introduce a fifth IC route between Dortmund and Munich. The new route, which will take in Wuppertal, Cologne, Mainz, Frankfurt, Würzburg, Nnremberg and Augsberg, will also allow Frankfurt Airport to be served for the first time by hourly IC trains.

The other IC routes operated from June will be Hamburg-Frankfurt, Hanover-Munich, Hamburg-Basel and Hamburg-Munich.

According to DB, the restructured IC network will offer business travellers journey times which are on average 8 per cent faster, fewer "across-the-platform" changes and a higher standard of on-board service in both first and second class sections. In connection with the last-named, DB is recruiting 1,000 additional staff in the form of stewards and stewardesses to give more belp to passengers.

Longer term, DB is also now looking at new designs for its coaches and prototypes featuring seating grouped in bays, luggsge lockers and telepbone compartments are due to be put into service in 1989-90.

For visitors to West Germany, DB offers various forms of Tourist Card wbicb despite the name can prove of considersble cost benefit to business travellers with a fair amount of ground to cover. A card offering unlimited travel for four days, first class, costs £60 (£44 for second class) snd there sre other deals available for nioe and 15-day periods.

Most of the major European railways in fact offer similar sorts of ticket. One whicb might be of particular interest to business people visiting one or more of the Benelux countries is a five-day Benelux Tourrail ticket issued by Belgian, Netherlands and Luxembourg Railways.

Valid for any five days in a 17-day period, the ticket allows holders to travel freely within the Benelux region without any distance limit. Cost is around £50 for a first-class ticket or £33 for second-class.

Next major development likely to interest international business travellers using Nederlandse Spoorwegen (Netherlands Railway) should be the completion next year of a loop line connecting Schiphol Airport with Amsterdam Central Station—at present, trains to and from the airport operate only into stations in the southern part of the city where connecting transport services are often not as good as from Amsterdam CS.

Outside Europe, there are few parts of the world where the international business traveller is offered much to tempt more than a cursory glance at rail travel as an alternative to the plane or the car.

North America bas the track networks but the availability of freqnent and relatively cheap air fares plus a general public fondness for the car bave led to U.S. and Canadian railways tending to concentrate on freight and tourist travel business. Other countries around the world generally tend to lack the service frequencies or quality of accommodation to tempt visiting businessmen back on to the rails.

# More like an exclusive club for the top businessmen

## Hotels

ARTHUR SANDLES

JUST WHEN you thought the hotel bad reached its ultimate with the new wave of the Seventies things bave started to change again. The theme of the late Eighties, which may sound a little odd at first sight, is think big on a small scale.

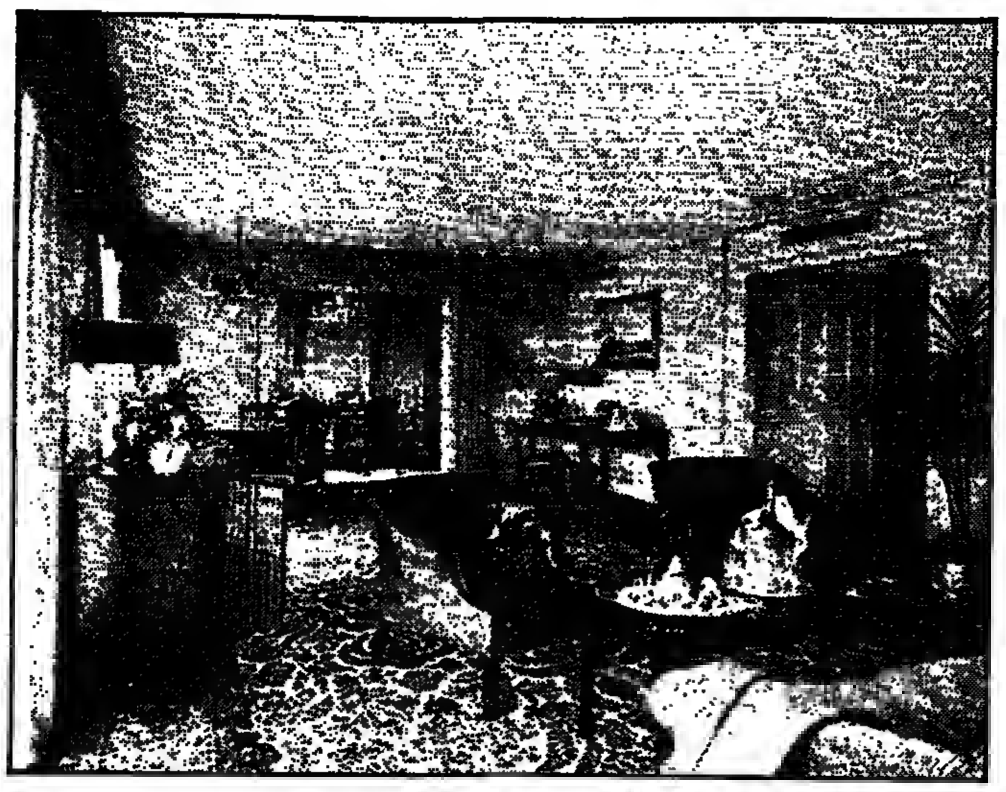
The hig part is big rooms and abundant service, the small is the actual size of the properties. The move towards club areas in hig hotels has become an avalanche, and there is a rasb of building world-wide of small, luxury properties, many of them all-suite ventures appealing to the very top segment of the business travel market.

Behind the scenes, as with so many sectors of business today, new technology is having a considerable impact. In theory, this leads to hoteliers having much greater knowledge of their own room availability and much greater flexibility in dealing with reservations. It also should mean an improvement in service.

If you bave noticed a rise in the number of mailing shots you get from hotels these days it is simply because of the growing number of computers that have you on file. More significantly a properly used computer system will identify instantly any client seeking service regardless of the size of the botel—thus the new Regent botel in Sydney, for example, is able to respond to every in-house pbone call with a "Yes, Mr . . . . , How can we help you."

Be it fashion or based on reality the cbanging tastes of the business traveller and the innovations of competitors are a major concern to the major groups around the world. For all of them the business traveller is the biggest single market and for most it is the dominant source of revenue. The business traveller may be demanding, hut that traveller is also likely to be high spending and, whatever the corporate treasurer might say, less price sensitive than other travellers, particularly on peripheral services.

The demanding aspect comes both from individuals and companies. Individuals may demand to be pampered, companies want more. Not long ago I was in a Westin hotel which had just been screened and passed by a hig U.S. corporation before it would be used by them.



The trend is towards privacy and seclusion for top businessmen. Above: the Queen Anne suite at the Inn on the Park in Mayfair

"They sent a team in here," said the manager. "They checked our fire systems and all our security. Yes, they wanted to know if we were a good hotel to stay in, hut also if thair people would be safe here. A good executive is too valuahle to lose."

### Club areas

This enthusiasm to protect the value of their manpower investment included an insistence that its staff would only be accommodated on the lower floors—none of its key people were going to he caught in some towering inferno.

The implications of increasing personal requirements from a botel can be seen clearly in tha growth of club areas and the development of small botels. There is no douht that the large hotel chains were very worried, and indeed continue to have that worry, about the drift of their very highest spending customers away to smaller properties.

It is bardly a secret that in London, for example, that the Inn on the Park bas been one of the most successful hotels on the Park Lane strip, but it is also one of the smallest. While others have their off-period properties, such as the Connaught and the Stafford, run at very high occupancy rates, they are tiny by international standards.

Staying in a small luxury hotel, many of them in the U.S., in particular, being all-suite properties, appeals both to the sybaritic tastes of the executive hut also give an aura of knowing wbere the best is to he found. It is a status symbol.

The owners of small hotels make no bones about appealing to this little hit of status-seeking. "While there will always he appreciation for greater public space, glittering cbandeliers and regal appointments, more and more travellers demand quiet space and comfortable quarters, suitable for husiness and entertaining," says Mr Severyn Ashkenazy, founder of the much-praised L'Ermitage group of botels in California.

"A business person, travelling from city to city, needs a warm and friendly environment, comfortable surroundings and service that it attentive. What be seeks really is compassion, freedom from the annoyances and the fast pace of business travel."

Whether that freedom can be associated with the fact that many of the Ashkenazy rooms these days have two-line telepbones, so that you can make an outgoing call while holding on to an incoming one, may be a matter of argument.

The basic theory is one that has not heen lost on the big league competition, however. Nor bas the fact that by having executive floors a hotel can charge a premium price in much the same way as the airlines do for their business class areas on long haul.

By sifting out the potentially higb spenders from the tour groups and conventioners there is little doubt that the hotels hope to encourage both long-term loyalty and a short-term eagerness to spend more.

This long-term loyalty is also encouraged by schemes, twins of which are referred to in other articles in this survey. These take three forms: The basic executive club memberships, which are the type most usually seen in Europe (thanks to the tax problems): discount schemes; and full-scale loyalty programmes with honuses to be won.

Executive club memberships offer customers guaranteed accommodation for the night, upgrades, personal cheqne cashing and little touches like fruit or liquor in the rooms. Hilton's Vista Club, Quality's Blue Ribbon scheme, and Sberaton's executive traveller programme are all in this bracket.

Most of these also offer some form of corporate rate discount, hut this is the main prong of attack by the schemes operated by Trusthouse Forte (which has a Gold Card and a Silver Card scheme), Crest, Thistle (which also adds periodic extra schemes, one of which has just finished), Howard Johnson and Best Wester.

Crest has been running a scheme which involves prizes for regular use of its hotels in the UK; but is unusual in doing this. In the U.S. bowever, such schemes are often found. Holiday Inns, Howard Johnson and Ramada, rivals of old, operate reward schemes.

For anyone spending a conple of weeks or more a year in the U.S. it might even be worth signing up with ona of them since yon can soon earn enough points to win appreciahle prizes providing you stick to one hotel chain. It is unlikely, however, that a European visitor would clock up the 325 bed-nights that Howard Johnson requires before giving you a two week holiday for two—and it's a holiday in Europe anyway.

### Consortium

Basically, none the less, it is only at the very top of the husiness level, and perbaps at the very bottom, that the smaller independent botels come into their own. In the middle market the cbains dominate, and for obvious reasons. Basically their uniformity of service gives the traveller, and the traveller's employer considerahle reassurance.

They are also able to negotiate terms on a national, and often global, basis. Knowing what you are going to get and how much you are going to pay for it is a considerable attraction when choosing a hotel in a strange city.

The smaller independent properties are well aware of this and most of them seem to have joined some sort of marketing consortium in order to offer chain status, and chain reassurance about standards.

There is little doubt that the constant recent advances in reservation technology bave accelerated the need for the independently-owned hotels to group into alliances. Increasingly, the ease of communication with a hotel about bookings and changed plans is of importance. Thus we are back to square one again: the development of technology and its long-term implications. For the hotel industry, as for all other parts of the travel business, it seems to be crucial.

### Daily hotel costs in top 40 cities

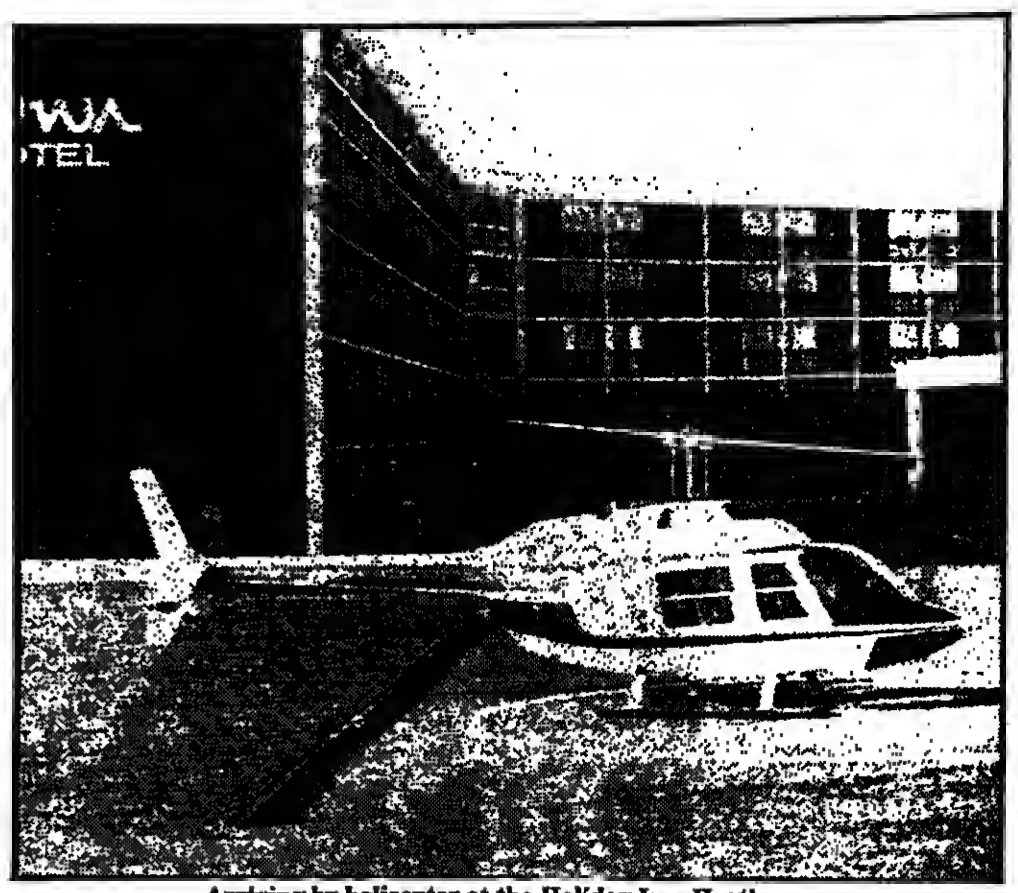
(Expenditure by travelling executives, October 1984 prices)

| City | Daily accommodation and meal costs* | Ranking | City | Daily accommodation and meal costs* | Ranking |
|---|---|---|---|---|---|
| AMERICAS | | | Moscow | 140 | 15 |
| Chicago | 157 | 10 | Paris | 113 | 27 |
| Houston | 137 | 16 | Rome | 124 | 22 |
| Los Angeles | 155 | 11 | Stockholm | 116 | 25 |
| Miami | 153 | 12 | Vienna | 111 | 29 |
| Naw York | 175 | 7 | | | |
| Caracas | 97 | 33 | | | |
| Mexico City | 177 | 5 | REST OF WORLD | | |
| Montreal | 131 | 20 | Abu Dhabi | 253 | 1 |
| Rio de Janeiro | 97 | 33 | Bangkok | 128 | 21 |
| EUROPE | | | Beijing/Peking | 114 | 26 |
| Amsterdam | 103 | 32 | Bombay | 117 | 24 |
| Athens | 96 | 35 | Cairo | 185 | 4 |
| Brussels | 104 | 31 | Hong Kong | 145 | 13 |
| Copenhagen | 112 | 28 | Jeddah | 165 | 8 |
| Dublin | 105 | 30 | Johannesburg | 84 | 38 |
| Frankfurt | 137 | 16 | Lagos | 241 | 2 |
| Geneva | 118 | 23 | Nairobi | 94 | 36 |
| Istanbul | 136 | 19 | Singapore | 177 | 5 |
| Lisbon | 72 | 39 | Sydney | 158 | 9 |
| London | 189 | 3 | Tel Aviv | 137 | 16 |
| Madrid | 92 | 37 | Tokyo | 141 | 14 |
| | | | Tunis | 55 | 40 |

* The basket of tourism products included is that used by Business International SA in its Guide to Executive Travel Costs, ie single room with bath at a good, moderately-priced hotel, with taxes and service charges included; a business lunch for two persons at a fashionable restaurant; and a simple meal for one person at a comfortable restaurant or hotel.

Source: Author's estimates based on cost data ohtained locally and from the BI Guide to Executive Travel Costs, 1984 (publisher: Business International SA, Geneva), bis own forecasts of domestic inflation and exchange rates drawn from the Financial Times' "World Value of the Dollar" (as at October 17 1984).

International Business Travel—A new megamarket. The Economist price £95.



Arriving by helicopter at the Holiday Inn, Heathrow

Profile of the world's largest hotel group

# Upmarket image for the boardroom

## Holiday Inns

DAVID CHURCHILL

HOLIDAY INNS, tha world's largest hotel group with more than 1,700 botels and 310,000 guest rooms world-wide, is chasing after the business traveller with a vengeance.

Tha company, founded in 1951 in the U.S., developed in the 1950s as a value-for-money motel chain which took advantage of the expanding inter-state motorway system in the U.S. Through franchising, the company grew rapidly in the '60s and '70s to emerge as the major hotel chain in the world (more than three times the size of its nearest rivals) and now about three-quarters of its world-wide operations are franchised.

However, Holiday Inns' very success had begun to cause it a few problems in recent years since its image became very diffuse because of the varying standards of botels. In the U.S., for example, the American executive would not normally considar staying in a Holiday Inn because of its down-market image and facilities.

In Europe and many other countries, bowever, Holiday Inns are a fairly up-market type of hotel well suited to the needs of the travelling businessman.

The problem was that American executives travelling abroad were reluctant to book into Holiday Inns—not realising that they wera a very different class of botel outside the U.S.—while businessmen travelling to the U.S. and staying in Holiday Inns became a trifle disillusioned.

The problem for Holiday Inns, moreover, is that the U.S. leisure market has been a bit capricious in recent years—up one year and down the next—which made it all the more important to tap into the business market.

The company's response to this dilemma has been on several levels. In the U.S. it has embarked on a market segmentation approach—aiming to reach different markets by modifying its hotels. Thus in the U.S. it is converting the cream of its best botels, or acquiring new ones, to develop a chain of Holiday Inn Crowne Plazas. These are described as "four-star properties-plus" and offer extra services not previously available in Holiday Inns.

Thesa extra services include a concierge floor—to he called Executive Clubs in the UK—with extra service; a cafe and a second, speciality restaurant; and small to medium room facilities with a boardroom.

Room rates, not surprisingly, will be significantly higher than for a standard U.S. Holiday Inns room rate—about 40 per cent higher—but still marginally less than business class hotels with which it is competing.

The other major U.S. development for tha business traveller is tha creation of Embassy Suites to cater for the "extended stay" business traveller. These suites provide all the facilities to make the business traveller staying for a week or more both comfortable and in toucb with his company and clients.

Extending hoth these concepts to the UK is still being debated by Holiday Inns since the corporate image in the UK and Europe is already sufficiently high to attract the business traveller.

While the facilities are up to standard in the UK and Europe, however, there is some concern that the architecture of the top-class botels needs improving, either by refurbishing or hy relocation. Crowne Plaza type Holiday Inns are already earmarked for Europe, as are the Embassy Suite operations.

### Advantage

One considerable advantage that Holiday Inns enjoys in providing botel accommodation for the business traveller is in its world-wide bookings system. Holiday Inns pioneered in the 1960s a computerised reservations system which has now been replaced with a system, called "Holidex 11," whicb enables it to give instantaneous confirmation of a booking through any Holiday Inns botel world-wide.

This system makes the company second only to the U.S. Government in terms of the size of its telecommunications network and the computer is considered as a back-up for U.S. civil defence in the event of a nuclear attack.

Holiday Inns is also part-owner of a satellite called HI-NET, wbich is the largest privately owned satellite video reception network in the U.S. Not only does this transmit Home Box Office in-room video movies but also has facilities for video conferencing.

One of Singapore's best-known landmarks, Raffles Hotel. Right: tourists drawn to one of Hawaii's scenic splendours

# When it's time to relax

## Stopovers

ARTHUR SANDLES

THERE ARE those who claim never to be affected by jet-lag, but I have met very few travellers for whom the reality is quite so simple. Everyone has their patent theories on how to minimise the bug, ranging from potent pills to silent meditation.

I'm firmly in the no-alcohol and keep your watch on destination-time camp, but one of the best answers, if you have the time, is the stopover, or what our North American readers might call the layover.

Some destinations, Singapore and Hawaii, for example, have made the stopover a major part of their business for a very long time. For these and many others the habit dates back to the days of piston engine travel when the stopover was not just an option, it was an essential.

There is more than one reason for a stopover. To relaxation after a hard business trip, or restful preparation for negotiations to come, can be added the desire to do a little shopping as well as the sheer pleasure of arriving somewhere that offers a sophisticated, everything works, environment, when you've spent weeks struggling against inefficiency and red tape.

There is one basic essential for a stopover destination—it should be easy to get at. Places like Athens and Rome and Bangkok sound like nice places to be for a few days, but in fact the hassle of getting to and from the airport alone is sufficient a deterrent to get them crossed off most lists.

So which are tha best? In no particular order my own prizes would go to tha following (first cities, then resort destinations):

**London.** Not just chauvinism. London is one of the easiest cities in the world to get around in and is rich in arts, shopping and plenty of interest for just walking around. Leave your heavy baggage at the airport and get the underground into the centre. Avoid August, when there are too many crowds, and late November — mid-January when the weather is foul.

**Amsterdam.** A city for walking and simply soaking up the atmosphere. Lots of nice small hotels if yon want to get away from the glossy chains. Schipol may seem too far away for comfort but communications are good and the airport itself is rightly renowned for its ease of making flight communications.

**Boston.** Chosen ahead of New York because it is much, much easier to get down-town from the airport and because the city itself is much more manageable for a brief visit. If you are on your way hack to Europe pick up some New England lobster, the UK customs do not object even if you bring them back live.

**Singapore.** The capital of the stopover business. You can just turn up at the airport and be faced with a wide array of offers for short stay visiting. A wonderfully efficient city which is becoming a little too antiseptic for some tastes. The hotels are among the best in the world.

**Hong Kong.** Enthusiasts for Hong Kong's outer islands and water pursuits might object to it being placed in the city stopover list, but, for the short-term visitor that is what it is It has much more atmosphere than Singapore and the prices are considerably lower. For a short visit stay in Kowloon, choosing between the Peninsula or the Regent if you want to indulge yourself.

### Safe

All these cities are nice places to be, are relatively safe, have good hotels and restaurants and sit on major air route junctions. Finding resort destinations with such qualifications is less easy. Two obvious ones stand out, and both of them are in the Pacific.

**Hawaii** could hardly be more conveniently placed, sitting comfortably in the north central Pacific astride the routes from Japan to the U.S. West Coast and from Australasia to Europe on the Northern Polar run. Honolulu can he a hit of a madhouse and perhaps not recommendable for a restful couple of days, hut there are frequent and inexpensive flights out of the main airport to the outer islands. For a short stay I would choose Maui or Kauai.

**Fiji:** A little less sophisticated than the Hawaiian islands but none the worse for that. The ideal place to rest en route for Australia to catch up with some of the time change at least. Try the Fijian Hotel, its been a favourite for stopovers for a couple of generations now — a fact I write with sadness since I remember staying in it when it was naw.

While in Pacific waters it is worth noting the islands off the Australian coast within fairly easy reach of Brisbane. Donk and Heron are retreats worth thinking about.

Somewhat longer, and also involving a bit of side journeying, is the Malaysian Island of Penang. Part of what might best be described as the sanitised Orient, Penang has a lot of the colour but little of the hassle of the Far East. It also has some very good hotels on excellent beaches.

If it is beaches and sunshine that you are after on the other side of the globe it would be foolish to overlook Florida. The resorts of the Florida east coast may be unfashionable for the jet set these days. They are dismissively described as the Costa Geriatrica. But it is difficult to think of anywhere so accessible which has tha range of accommodation, such a superb climate, and excellent attractions if you get bored easily, at such a good price. Orlando is increasingly a major U.S. international gateway city, competing with Miami down the road.

While still in North America a stopover which should not be overlooked, particularly in late winter, is Anchorage. Watch for a moment the airline crews who get off in the Alaskan city (it is not the capital) and you will see a surprising number of them are carrying skis. They know Alaska's little secret. Mount Alyeska is a very good ski resort within reasonable driving distance of the airport.

# Do's and dont's for travellers

## Personal security

CHARLES BATCHELOR

WHICH AIRLINE to Beirut? Which botel in Manila? How to travel from Maputo to Beira—hire car or scheduled airline? Security for the travelling businessman involves a range of choices from the obvious to the seemingly trivial.

Without becoming neurotic about the potential threat, the traveller should be aware of precautions that can ha taken and of those that mnst be taken in the less stable parts of the world.

"Much of it is common sense," says Mr Peter Janke, head of research at Control Risks, a London-based company specialising in the assessment of political and terrorist risks. "But even common sense needs to be taught to people travelling to an an unfamiliar country."

So what can the traveller do to minimise the threat?

● Before setting out he should consult a good, recent guidebook to the area. This should carry basic advica such as: avoid crowds in public places like bus and railway stations in certain parts of Latin America. These provide cover for professional gangs to rob the individual traveller.

● Beware of the "plain clothes policeman" who asks you to accompany him. Ask for identification or insist yon go to a nearby police station.

● When flying to an unsettled part of the world, weigh up whether tha threat of an aircraft bi-jacking is greater on a European airline or the local carrier.

● Choose your hotel carefully. An American chain, for example, might be a target for anti-American sentiment in some parts of the Third World — or even in Europe. Make sure your botel is not next to a possible target for protest such as a ministry building, an embassy or consulate or a military barracks.

Hotel groups, particularly the international chains, are aware of the potential threat and can usually be expected to take precautions. This will probably start with the design of building — avoiding quiet corners in public rooms — to surveillance of the behaviour of guests in the lobby.

"The nature of hotels — lots of strangers with luggage — means we face a dilemma," saya Mr Roger Fennings, London-based director for public relations of Hilton International.

"The answer is alert in-house security people and lots of pairs of eyes. We have to be able to idantify people to prevent their dumping explosives on the carpet. Normally the air-traveller will walk atraight to the check-in."

Hotels are moving to more sophisticated locking systems for guest bedrooms. An electronic key card is now available which can be coded for the individual guest. The card can be given a period of validity limited to the guest'a stay and can even be coded to restrict the access of hotel staff to the room to certain times of day.

Hotel guests are advised to use either the room safe or the safa deposit facility at reception. If passports or valuables are stolen then at least responsibility for compensating the traveller lies with the botel.

● Be careful how you travel within a country. Do not automatically use a hire car in parts of Africa or Latin America for example. Roads can be subject to guerrilla attack. Use the local airline for longer trips. Do not use unregistered taxis from the airport or railway station.

● Do not carry much cash with you. Travellers cheques and credit cards are safer. In some countries, cash may be needed to pay off corrupt customs officials or policemen.

● Do not offend local custom or decency, particularly in Islamic countries.

● Be careful in your choice of bars and clubs for evening entertainment. Take the advice of the hotel porter or local residents on which parts of town are not safe for the stranger.

Kidnap is not usually a threat which faces the traveller. A kidnap attempt usually involves a great deal of planning and relies on the kidnappers knowing their intended victim's daily routine.

The traveller will not stay long enough to establish a pattern and is unlikely to be seen as a potential target by local terrorist or criminal groups. The long-term foreign resident is however at risk in some parts of the world.

Nor is industrial espionage likely to be a major threat for the travellers though he is advised not to take sensitive documents explaining an entire process or product with him. Most Third World countries are unlikely to bave the skills to carry out effective bugging.

### Mugging risk

If there is a threat it is more likely to come from more sophisticated regimes. Peter Janke doubts that Eastern Bloc governments would attempt to steal secrets from visiting businessmen. If they invite you to do business they usually play by the rules, he says.

What are the most dangerour parts of tha world— That depends partly on the nature of the threat.

The risk of mugging, for example, is greater in Europe and North America than in most Third World countries. Asian cities are fairly safe—more so than large Latin American centres.

The large cities of the U.S. Mid-West are generally safer than those on the East or West Coasts. Within Europe Zurich is safer than Rome in terms of street crime while Madrid is probably safer than London or Paris.

On the larger scale of the terrorist threat, countries in civil turmoil pose the greatest danger.

Countries in this situation include Peru, El Salvador, rural Guatemala, Angola, Mozambique and Ethiopia.

It is not that the world has become a more dangerous place, Mr Janke believes. But the growth of international trade has sent salemen and exporters into increasingly far-flung parts in pursuit of business. There they are confronted with unfamiliar and sometimes threatening situations. With care, though, many of the risks can be avoided.

# Services expand at business centres

## Instant Offices

MOSS MURRAY

AS OFFICE rents and rates continue to soar, and staff salaries rise to sometimes prohibitive levels, many small businesses—and quite a few large, internationally known companies, too—are finding it makes economic sense to move into fully furnished, serviced and equipped suites of offices at business centres.

Strangely, many executives have never heard of a business centre. Nor are they listed as such in local directories. Yet in towns and cities throughout the UK, and increasingly in Eurnpe and around the world, they are growing in numbers.

In Switzerland recently I asked nine Swisa businessmen and women where I could find a business centre. None knew. Yet in Zurich, International Office Services, a link in the chain of World-Wide Business Centres, haa 15 offices on three floors in a new office building at 32 Rennweg. Here you are greeted by a multilingual receptionist and the use of a well furnished office costs SwFr 125 (£8.33) per day, SwFr 600 for a week, or from SwFr 2,300 for a month.

At the London headquarters of World-Wide Business Centres in the Strand, not far from the Savoy Hotel, their full facility plan costs between £675 and £1,250 a month. The charge includes an equipped and furnished office, full time receptionist, mail and telex services, 24-hour access, all cleaning and maintenance, phones, plus access to a typing pool and photocopying on a pay-as-you-use basis.

The company's identity plan gives businessmen their own exclusive phone number, plus a shared switchboard and a receptionist who will receive visitors and accept packages when the client is not there. This costs £450 a quarter. Alternatively, for £85 a quarter, prepaid, the organisation will forward company mail and provide a listing at the building's entrance. Office suites in the Strand can be rented for as little as £13.50 per hour.

### Luxurious

One of the most luxurioua of the London centres is Asphalte House in Palace Street, a few yards from Victoria Station. Here the communal and reception areas are marble lined and the aervices include comfortable and spacious offices, a computerised telephone system and telex operated on a time charge hasis hy trained staff. Secretarial servicea are also on tap.

Other facilities include message taking, mail handling, facsimile communications, use of boardrooms for meetings, and a computerised security system which restricts entry to those floors where the user's office and boardroom are situated.

The danger of fly by night companies seeking space and defaulting on payment of licence fees is an ever present hazard for business centres. At Asphalte House, Executrade requires a deposit of £750 per suite, which is refunded when the arrangement ends, the lieence fee for the period of the initial agreement, as well as a reception fee of £30 per week per suite to cover phones, telex and fax answering, receiving and sorting mail, and telephone rental. Typing and word processing is available at £14 per hour. Accounts may he aettled by cheque or American Express and Diners Club cards.

On London's Oxford Street, Capital Executive Offices at Avon House, opposite Bond Street tube station, charge from £500 to £1,500 a month. Insurance brokers, import/export agencies, faahion firms and an international translation network are current licensees who find it saves money baving a communally serviced office in the beart of the West End which avoids the time-wasting frustration of searching for a suitahle location, arranging for it to be painted and partitioned, and overcoming the sometimes seemingly endless legal delays.

### Impressive

Hundreds of overseas companies now occupy offices in business centres in London and elsewhere in the UK. Their neighbours are several thousand small and large Britisb organisations. All have learned that doing business from a hotel room or home is not always the best way to influence a potential client or customer. An office with your name listed in reception is rather more impressive.

For the new entrepreneur setting up his or her own business, the savings can be considerable. Maureen Lefort, manager of World-Wide Business Centres in London, has worked out that, an office in central London with reception area, meeting room and kitchen requires a minimum of 500 sq ft of usable space and can cost much more tban £10,000 per year, plus a landlord's demand for a three-year agreement.

Charges, ahe says, for a well-furniabed office in the heart of tbe capital can be half this sum. Salary savings can be equally significant.

Around the world similar services, and savings, can be achieved. In New York, World-Wide Business Centres at 575 Madison Avenue offers 140 suites and offices for rental by the hour, daily or for extended periods. Founded by an Englishman in 1970, the organisation, in addition to the normal range of facilities, offers book-keepers, sales staff, multi-lingual assisttants, plus a building directory listiog. Costs are from $18 an hour or $90 per day.

World-Wide were followed in 1982 by Business Centres International at 150 East 58tb Street. Backed by a group of Gulf investors, and located on the penthouse floor of the Architects and Designers Building, it offers wide mirrored hallways and 37 offices with full staff support.

All clients are acreened. One of their executives said: "We expect our customers to be well-dressed businessmen. If it is a group of bippies starting a record business, they may make a million dollars, but we don't want them." Most other business centres around the world operate similar unprinted and unofficial, guidelines.

During the last few years more than 50 shared office facilities bave opened in major citlea across the U.S. Others are now available in Amsterdam, Atbens, Bombay, Brussels, Dubai, Madrid, Milan, Paris, Rome and Singapore.

In Nigeria, where the prevalent economic recession makes the expense of running a permanent office something of a hazard, Business Systems offer a corporate management service including fully furnished offices, telephone and mail facilities and an international messenger service as well as typing and the preparation of legal documents, manuscripts, price lists, reports and manuals.

Everywbere the attractions are space, location, service . . . and savings. With rents in New York—and elsewhere—baving quadrupled during the past decade, the Idea has proved specially attractive to the proliferating numbers of self-employed service prnfessionals.

But not only the new and small companies bave found it worthwhile to locate offices in business centres. Oil companies, multi-nationals, banks, news agencies and industrial giants have all used them while researching and establisbing themselves in a new area.

Tbe business centre in the Dubai Airlines Centre has become a centre for established and thrusting husinesses hoping to expand in the oil rich Arab state. One local businessman estimates he haa achieved a 50 per cent saving by utilising pay-as-you-use services rather than purchase his own equipment and employ full-time staff.

At Milton Keynes, the independent 4,500 sq ft Silbury Business Centre, owned by Halletts Management Services, whicb received its first clients in June 1982 claims, according to Mr Alan Puncbard, a director, to be the first "high quality centre run on the American pattern outside London."

At Silbury you find the type of techniques U.S. business expect and take for granted. One American executive described it as "like a four star hotel."

The success of Silbury is undeniable. It achieved all its financial targets, as well as 100 per cent occupancy, early in its second year. Clients have included British Steel, Trustee Savings Bank, the National House Building Council and from overseas Mattson Instruments Inc, SECOM, Interface Flooring Systems, Finlandia Construction, Danish Wood Treating Company and from Germany, Gruco Kitchens.

Prices for a small 100 sq ft office begin at £95 a week, or £35 a day, rising to £220 a week for the largest accommodation. Meeting rooms cost £40 a day, or £30 for a half day. Display areas can be rented for £50 a day, or £100 a week.

Another centre on the approaches to London is Kingswick House, Sunninghill, Berkshire, close to the M3, M4 and London Airport. Executive Offices, as it is known, started in Staines 14 years ago at Radix House and expanded to Sunninghill six years ago. Not long ago they built an extension annexe and now have 50 offices ranging in size and price from 180 sq ft and £1,175 per quarter respectively.

Mr Toni Sharman, the managing director, said: "Our subscription service provides an executive with his own desk, filing cabinet and a shared office. This is the leaat expensive way to start a new business venture. It means that a one man band can operate on a low budget and still enjoy all the facilities of a large office complex, including a conference room."

Clients of Executive Offices have included Bocing, the Chipperfield Organisation, Kawasaki Motor Cycles, Singer, Ransomes and Travlcom, a subsidiary of British Airways.

Another successful UK business centre is Downs Court, Altrincham, Cheshire. Because of their location tbey mostly attract the smaller company, one-man consultancy or someone starting a new enterprise, perhaps with redundancy money.

Although some of their offices are occupied on a permanent basis, there are always suites for hiring either by the day (£30), or half-day (£18), or per week (£100). Facilities available include the use of a central switchboard, typing, photocopying, telex and a boardroom.

Another northern location is the City Business Centre in Pinfold Street in the centre of Sheffield while in Glasgow the Scottish Business Centre, Bothwell Street, offers fully furnished offices from £29.50 a day — but are considerably cheaper when booked by the month.

Business centres sometimes act as a catalyst for business growth. The Eurocenter in Amsterdam, occupying two 17th century canal buildings at Keizersgracht 62-64, was used by a British company, R. F. Winder Limited of Pudsey, Yorkshire. They had developed a process known as retrofilling and successfully sold it at home and overseas.

A Dutch company was formed to cope with the demand and Mrs Wildblood, who runs the Amsterdam centre, turned to her husband, a management consultant, to help them. He is now head of an expanding Winder (Nederland) BV which continues to occupy offices at the Eurocenter.

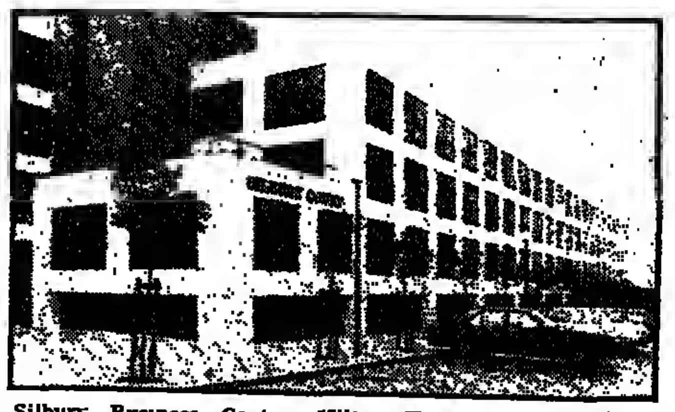
Reception and office in the Strand offices of World-Wide Business Centres

## Wide range at Heathrow

THE HEATHROW Business Centre which is at Terminal Two of London's main scheduled airport has proved to be a considerahle attraction. The centre is heavily used on a sbort-term basis, the purpose for wbich it was primarily designed, but has also attracted one or two long-term users.

The centre opened in late 1983 as the result of thinking along tbe same lines by the British Airports Authority and Mr Roger Penington. Fully equipped, the centre cbarges a basic annual membersbip fee of £75 and then makes on-charges for the particular facilitles used—tbey range frnm meeting rooms and secretarial services to telexing and facsimile transmission.

"Offices, workstations and a wide range of back-up services are available by the hour or hy tbe day," says Mr Penlington. "Office equipment at the centre is the latest that technology can provide."



Silbury Business Centre, Milton Keynes, has achieved all its financial targets since receiving its first clients in June 1982.



## Emphasis on service

CONTINUED FROM PAGE ONE

siderable change. Not the least of this will affect retail travel agencies. In the U.S. these are turned to see what the Impact of deregulation of airline ticket sales is likely to he since in theory it means that airlines can market tickets through whatever channels they choose, banks and supermarkets included.

If this freedom were to extend to Europe, and if the airlines were quick to take advantage of it, the results could be dramatic. Even without such a switch there is already a sign in both the U.S. and Europe of a changiog relationship between corporate customers and their travel agenta, with the pressure belog on a new concept of charging with "net cost" methods taking over.

This involves agents totally forgoing their commissions in theory and itemlaing the real cost of tickets and other services and tben charging a fee for procurement of those facilities. The excellent recent Economist investigation of the Business Travel Business (£95) suggests the move towarda net costing will continue apace.

"Some growth is foreseen in direct sales between suppliers and corporate accounts, but the travel agent will remain the main medium through which travel is arranged. There will be a move towards net pricing. Corporations are unsure about the all-inclusive charging system of agents and will soon insist on being charged on a net cost plus management fee basis."

There seems no good reason to disagree with that, but the end result would be an inevitable acceleration of growth in the power of the major travel agency chains and the almost certain growth of purchasing groups in much the same way as small grocers gathered into consortia to fight the supermarkets.

It looks like a fascinating decade ahead.